FINANCIAL TIMES

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Technology: great gizmos of 1986, Page 14

New York tense after race incident

Racial feeling was running high in New York after a court in the borough of Queens dismissed murder and manslaughter charges against three white youths following the death of a black man in a mainly white suburb.

In the worst incident of racial violence for years in New York, the whites were accused of chasing and beating three blacks, one of whom was killed by a car as he tried to escape. The judge said he had no choice but to dismiss the charges because of the refusal of the key witness, one of the victims, to come forward. Page 10

Salvador base hit

Left-wing guerrillas attacked a military base near San Esteban Catarina, 35 miles east of San Salvador, killing 16 soldiers and wounding at least 13 others.

Mugabe-Kaunda talks

Zimbabwean Prime Minister Robert Mugabe and President Kenneth Kaunda of Zambia discussed possible sanctions against South Africa during three hours of talks on their border. Page 2

Camps battle erupts

Shia Moslem and Palestinian fighters exchanged fire at two Beirut refugee camps despite an official ceasefire. Palestinians claimed a number of children had been killed by a mortar bomb.

Chernobyl return

Some 1,500 people evacuated from southern Byelorussia after the Chernobyl nuclear accident are being allowed to return to their villages and will be home in time to celebrate the New Year, Tass news agency said.

Sakharov's visitor

Outgoing US ambassador Arthur Hartmann paid a half-hour visit to Soviet dissident Andrei Sakharov, who returned to Moscow last week from nearly seven years of internal exile, and talked with him and his wife, Yelena Bonner.

East German exodus

Nearly 20,000 East Germans were allowed to emigrate legally to West Germany this year, the second-highest total since 1965, Bonn government officials confirmed.

Japan to end limit

Japan is to scrap a 10-year-old limit on defence spending of 1 per cent of gross national product, but Prime Minister Yasuhiro Nakasone promised the country would not again become a military power. Page 10

Students defended

The head of the taskforce investigating China's wave of student protests said most demonstrators were showing enthusiasm for reform patriotically and none had broken the law. Police halt protest, Page 2

Atlanta fogbound

Dense fog stranded more than 100,000 passengers at Atlanta, Georgia, one of the world's busiest airports, for two days in what was described as one of the worst traffic tie-ups in US aviation history.

Korean unity plea

President Kim Il-Sung of North Korea proposed high-level talks with leaders of South Korea to settle what he called the "urgent question" of national reunification.

Reagan's regrets

The US said it regretted the Kremlin's rejection of a proposal for President Reagan to extend new year greetings on Soviet television and said the President would instead broadcast to the Soviet people on the Voice of America.

AT&T told to cut rates by 11%

AT&T, US telecommunications group, has been ordered to reduce its long-distance telephone rates by an average 11 per cent from tomorrow, the Federal Communication Commission said. In November AT&T proposed a 7.1 per cent cut to the agency. Page 10

WALL STREET: The Dow Jones industrial average closed down 3.51 at 1,908.61. Page 26

LONDON securities markets closed in an optimistic but quiet mood in advance of the New Year holiday. Equities steadied after a dull start, and both the FT-SE 100 index and the FT Ordinary index closed 1.5 higher at 1,673.1 and 1,308.6, respectively. Government bonds ended with small mixed changes. Page 26

DOLLAR closed in New York at DM 1.9475; SFr 1.6270; FFr 6.4506 and Y160. It closed in London at DM 1.9460 (DM 1.9425); it also rose to Y159.85 (Y159.00); to SFr 1.6255 (SFr 1.6230); to FFr 6.4425 (FFr 6.4275). On Bank of England figures the dollar's exchange rate index rose to 108.9 (108.7). Page 19

STERLING closed in New York at $1.4695. It rose to $1.4690 ($1.4685) in London. It also rose to DM 2.8575 (DM 2.8525); to Y234.75 (Y233.50); to SFr 2.3875 (SFr 2.3825); to FFr 9.4650 (FFr 9.4375). The pound's exchange rate index fell 0.1 to 69.0. Page 19

GOLD rose $0.25 to $389.75 on the London bullion market. In Zurich it fell to $389.25 ($390.35). In New York the Comex February gold settlement was $392.40. Page 18

UK ECONOMY should grow by 2.7 per cent next year on the back of strong exports, investment and consumer spending, said the British employers' organisation, the CBI. Page 4

MADRID Stock Exchange will abandon two of its more peculiar habits to bring it more into line with other European bourses. The general stock index, always rebased at 100 at the start of each year, is to stay where it stands this year. Later, price quotations will switch to real value in pesetas instead of the current system of percentages of nominal share values. Page 11

FRENCH Finance Ministry has named 13 groups to be primary dealers in the Paris Treasury bond and bill market in a move expected to help create a liquid market in government debt. Page 12

RESCHEDULING of developing countries' debts helped to produce a substantial lengthening in the maturities of international bank loans in the first half of 1986, according to figures published by the Bank for International Settlements. Page 12

RECORD-BREAKING run continued in Hong Kong with the Hang Seng index rising 6.91 to 2,559.36, the third consecutive high. Page 26

JAPANESE securities houses remain the most bullish about the prospects for the Tokyo stock market in 1987, but institutional and foreign investors are more cautious. Page 26

NORTH SEA: 10,000 jobs could be saved in Scotland if Opec agreements cause oil prices rise to $20 a barrel, according to the Royal Bank of Scotland's monthly survey. Page 4

AUSTRALIA'S National Companies and Securities Commission is investigating share dealing in two Australian companies conducted through London broker Alexanders Laing and Cruickshank. Page 4

ALFA LANCIA Industriale, Italian car manufacturer formed after Fiat's purchase of Alfa Romeo, is launched tomorrow with ambitious plans for the luxury car market. Page 11

Financial Times

The Financial Times will not be published tomorrow, New Year's Day. We wish readers, advertisers and distributors a happy New Year.

Seelig quits Morgan Grenfell over role in Guinness takeover

BY CLIVE WOLMAN IN LONDON

MR ROGER SEELIG, London's most prominent adviser on takeover battles, resigned yesterday as corporate finance director of Morgan Grenfell, the merchant bank, because of his involvement in a takeover battle launched by Guinness, the brewing and spirits company.

Morgan Grenfell also announced yesterday that it had resigned as Guinness's merchant bank and financial adviser after an open dispute emerged between the two companies over the responsibility for a £7.5m ($11m) transaction during the Guinness takeover bid for Distillers. Guinness said: "Our letters will probably cross."

Mr Seelig was one of the initiators of the contested £2.5bn takeover bid for Distillers between January and April, which is now the subject of an investigation of the Government's Department of Trade and Industry. He was also the chief adviser to Guinness during its course. It emerged on Monday that Mr Seelig had, on behalf of Morgan Grenfell, given an informal indemnity against loss to some purchasers of Guinness shares during the final stages of the takeover battle with a view to boosting Guinness's share price.

It also emerged on Monday that the indemnity commitment was fulfilled by repurchasing the shares with £7.5m from a Guinness bank account, in a transaction which may have breached several sections of the Companies Act.

Guinness claimed late on Monday night that Morgan Grenfell had used Guinness money, which had been placed in some form of "war chest," to buy in the shares without authority. Morgan Grenfell has disputed this interpretation.

The conduct of Mr Seelig was discussed at a meeting of Morgan Grenfell directors after which he tendered his resignation. Mr Seelig said: "I shall await the outcome of the Guinness inquiry and make no further comment until then."

Several people outside Morgan Grenfell suggested last night that Mr Seelig had been made a scapegoat for the increasing embarrassment Morgan Grenfell has suffered as a result of the Guinness investigation. Mr Christopher Reeves, managing director, and Mr Graham Walsh, head of corporate finance, would normally be informed about any such indemnity given during a takeover battle, they said.

Lord (Patrick) Spens, a former Morgan Grenfell director and now managing director of the merchant bank Henry Ansbacher who was given the informal indemnity by Mr Seelig, said: "I am extremely sad. The man has been thrown to the wolves. I consider it inconceivable that he was acting on his own authority (when giving the indemnity). Roger was always very professional and very cautious."

Morgan Grenfell said last night that any formal indemnity given by the bank would to be approved by a credit committee. However, the bank's policy has always been to give its individual corporate finance directors a high degree of autonomy. This has led to directors making informal commitments during the course of takeover battles, often over the telephone. These have always been honoured subsequently and are regarded as binding by UK financial institutions.

Mr Seelig, aged 41 and single, joined Morgan Grenfell 15 years ago and became a director in 1979. He has been one of the greatest tactical and financial innovators of the bout of takeover battles over the last three years. His methods also stretched to their limits the rules in the Takeover Code and the Companies Act.

Although his earnings were in excess of £250,000 a year, he also took several equity stakes in Morgan Grenfell corporate clients,

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News analysis, Page 5

Reagan unveils import duties against EEC

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Ronald Reagan yesterday announced a string of heavy import duties against the EEC in retaliation for tariff increases on US corn sales to Spain.

The import duties which range up to 200 percent on some $400m of EEC exports, cover such products as French white wines, Scotch whisky and Dutch cheeses.

Mr Clayton Yeutter, US Trade Representative, said the sanctions were aimed at "stopping the EEC trade in its tracks".

The President's action follows the end of an interim agreement concluded last July with the EEC which was intended to allow time for a permanent compensation agreement to be reached on US export of feed grains to Spain.

The duties will not come into effect until the end of January 1987, which leaves time for US and EEC trade officials to resume talks on the dispute.

Meanwhile, the White House announced it was delaying retaliation against Brazil for what the US claims are unfair trade practices by Brazil in the area of computer software and Brazilian investment in computers. US companies were losing annually between $337m and $452m in sales as a result of Brazilian restrictions, the White House said.

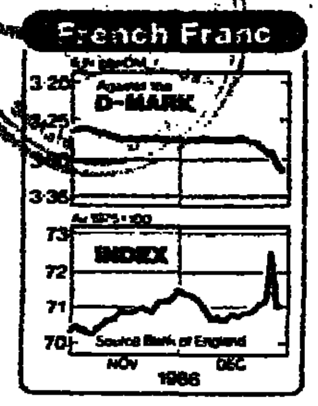
Trade experts said yesterday that the US was reluctant to take action against Brazil, a major debtor, because retaliation could lead to political unrest in the Latin American country.

In the EEC trade dispute, the new tariffs will also apply to items such as canned hams, carrots, olives, gin and Edam and Gouda cheese.

The White House said yesterday that it regretted having to impose duties against the EEC but that the EEC had not been flexible enough in its negotiations.

● William Dawkins reports from Brussels: Last night's announcement from Washington evoked an angry response from the European Commission, which nevertheless added that it was keen to go on negotiating.

Mr Willy de Clercq, the Commissioner responsible for trade negotiations, said he regretted that, as in previous trade disputes with the US, the negotiations over the loss of Spanish grain sales by America had degenerated into retaliatory action.



Paris moves to prop up franc

By George Graham in Paris and Janet Bush in London

RENEWED pressure on the French franc yesterday forced the Bank of France to raise its seven-day repurchase rate by half a percentage point to 8.25 per cent.

The franc fell to a rate of FFr 3.3093 against the D-Mark at the fixing yesterday, closer to its floor within the exchange-rate mechanism of the European Monetary System than the authorities feel comfortable with.

The franc was undermined partly by concern about industrial relations unrest in France's public sector. The two-week-old rail strike showed no signs of ending yesterday despite the resumption of talks between trade unions and SNCF, the national railway company. Other public-sector strikes loom in January.

Strain has been building up within the EMS for some weeks now with the weakness of the Danish krone and the strength of the D-Mark posing the most serious problems.

The D-Mark, the most dominant currency in the exchange-rate mechanism, has been gathering strength for some weeks. Its rise accelerated earlier this week as the dollar plunged to its lowest level for nearly six years in thin holiday markets.

Mr David Morrison, chief international economist at Goldman Sachs International in London, said he expected general European central bank intervention over the next few weeks to stave off pressures for a realignment of EMS parities.

Denmark is known to be reluctant to devalue its currency unilaterally, and the West German authorities are unlikely either to revalue the D-Mark or cut interest rates, at least until after the German election on January 25.

French officials felt that yesterday's action to raise the seven-day rate – which marks the upper end of Paris money market rates – with-

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Money markets, Page 17

UK group left out of ITT, CGE venture

BY TERRY DODSWORTH IN LONDON AND DAVID WHITE IN MADRID

STC, the UK electronics group, is to be excluded from the dominant new European telecommunications company which will be formed by the merger of the telephone interests of ITT of the US and Compagnie Générale D'Electricite (CGE) of France.

The surprise decision to leave STC out of the new telecommunications group, whose activities currently account for about 45 per cent of the European market in public telephone exchanges, was revealed yesterday when ITT and CGE signed the final legal documents in the transaction.

The final flurry of activity in the marathon negotiations also failed to find a formula to bring Telefonica, Spain's semi-state telephone monopoly, into the joint venture. Telefonica had originally agreed in the summer to take 10 per cent in the new group with an investment of $300m, but divergences soon emerged over the future of ITT's Spanish subsidiaries, in which Telefonica holds a stake of just over 20 per cent.

Telefonica said yesterday that it still wanted to join the joint venture and would continue to press CGE, the majority partner, to agree to its conditions for participating. These involved above all a larger workload for ITT's former manufacturing subsidiaries in Spain, Standard Electrica and Marconi Espanola.

The change in the position of STC appears to have emerged within the last month. Under the original heads of agreement between CGE and ITT, the US company was to have transferred 20 per cent of its 24 per cent stake in STC to the new combine, and only a few weeks ago CGE was talking confidently of what it intended to do with this shareholding.

The UK company refused last night to make any comment on the alteration in the proposed transaction, and the US group gave no reason for changing its mind over the future of the STC holding, which is currently worth about $300m. But it is thought that STC has recently objected to the prospect of having CGE directors on its board. CGE and STC have some overlapping business interests, particularly in the field of fibre optic cables, where the companies are fierce competitors in world markets.

As a result of the last-minute alterations in the deal, ITT will emerge with a slightly larger shareholding of 37 per cent in the combined telecommunications group. Of the other 63 per cent CGE will hold 55.6 per cent while a small minority stake of 5.7 per cent is to be acquired by Société Générale de Belgique, the Belgian telephone group, and a further 1.7 per cent by Crédit Lyonnais, the French banking concern.

CGE, a state-owned group whose Alcatel subsidiary is the dominant supplier in the French telecommunications market, will have managerial control of the new enterprise.

Fermenta says 1986 profits 'wiped out'

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

FERMENTA, the beleaguered Swedish antibiotics and animal health group, yesterday told a shocked shareholders meeting that virtually its entire forecast profits for 1986 of SKr 700m ($103m) had been wiped out.

Profits (after financial items) are expected to total no more than SKr 40m, and in addition the company faces further financial risks totalling some SKr 215m including an outstanding claim of SKr 133m against Mr Refaat el-Sayed, the company's former main shareholder and chief executive.

The disclosures pose serious new questions about the conduct of Fermenta's affairs during its last four years of breakneck growth led by Mr el-Sayed and the control exercised by the Fermenta board, which had previously been described as the most professional board in Sweden.

Its members included leading Swedish industrialists such as Mr Gosta Bystedt, deputy chairman of Electrolux, Mr Ove Sundberg, former chief executive of Kemanobel, Mr Ulf Widengren, chief executive of Astra, and Mr Pär Skaantorp, a senior executive in the Beijer investment company.

The entire board resigned at yesterday's crisis shareholders meeting and was replaced by a new board led by Mr Kjell Brändström, managing director of Industrivärden, the Swedish investment company, which has taken over as main shareholder following the

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McDonnell Douglas decides to go ahead with MD-11 jets

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT, IN LONDON

McDONNELL DOUGLAS, the US aircraft manufacturer, has decided to go ahead with the MD-11 "family" of jet airliners to replace its ageing DC-10 range.

The decision, taken late on Monday, came after an order for six of the new aircraft from Alitalia, the Italian state-owned airline. This brought total firm orders for the tri-jet to 52, worth more than $5bn, from 12 customers. Option orders have been taken on a further 40 aircraft.

The MD-11 is designed to carry about 300 passengers non-stop for 8,000 miles. McDonnell Douglas also plans a medium-range version carrying 327 passengers, up to 8,870 miles. The aircraft are due to enter service in early 1990.

The McDonnell Douglas move will intensify the pressures on Airbus Industrie, the European airliner manufacturing group, to launch its rival four-engined long-range jet airliner, the A-340, with its stablemate, the twin-engined short-to-medium-range A-330.

British Aerospace, the UK group which has a 20 per cent stake in Airbus Industrie, has been seeking £750m ($1.1bn) from the Government in launch aid to enable it to build the common wings for both aircraft.

Detailed discussions between BAe and the Department of Trade and Industry have been under way for some time, and a Cabinet decision is expected early in the new year.

The UK Government is in a dilemma over the decision because it feels Airbus should collaborate with McDonnell Douglas on the MD-11 and drop the A-340, whereas Airbus is determined to go ahead with its own venture. Talks last autumn on possible collaboration failed when neither Airbus nor McDonnell Douglas was prepared to compromise.

Boeing of the US yesterday remained non-committal about the launch of the MD-11 and the prospective A-340. The company said it welcomed the increased competition and would fight it in world markets.

Boeing feels that with its wide range of 747 Jumbo jets and 767 twin-engined airliners it has enough models to meet airlines' needs. It had fought McDonnell Douglas for the Alitalia order, for example.

The launch of the MD-11 will also spark off a battle between the aircraft engine manufacturers. General Electric of the US will be offering its CF6-80C2, Pratt & Whitney (US) its PW-4000, and Rolls-Royce the D4D version of its RB-211-524.

Rolls-Royce said yesterday that it was in "detailed discussions" with a number of airlines to supply D4D engines for MD-11s. This followed "significant airline interest," and the company was hopeful of reaching agreements early in 1987.

McDonnell Douglas will be spending up to $1.4bn on developing its new jet, of which $500m will be in direct development costs and the rest on funding initial production. The low initial cost is due to the fact that the MD-11 is a derivative of the existing DC-10, with many common components.

Airbus on the spot, Page 3

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OVERSEAS NEWS

Police lines halt Peking student demonstration

BY ROBERT THOMSON IN PEKING

SEVERAL HUNDRED students yesterday massed for the second successive morning behind the gates of the Peking Normal University, a teacher training college, in preparation for a street march, but were stopped from proceeding by lines of police. Dozens of dazibao—big character posters—were pasted up at the university during the day, most calling for democracy and one with a sketch of a manacled student, in spite of government threats of jail terms for those guilty of "slanderous" messages.

A Chinese government spokesman said ideological education would be intensified, but he excused the students' actions because "God allows young people to make mistakes."

Posters also appeared at Peking University, telling the Government that it should take note of the demise of the former Philippine President Ferdinand Marcos, and unfavourably comparing China's development to that of South Korea and Taiwan.

The Government's concern about urban unrest in general was shown by an article in the People's Daily assuring the masses that price rises would be kept to a minimum, and warning that people who spread rumours about inflation were liable to be punished.

A western diplomat said the Government fears that the urban reform programme could fall apart if open dissent continued. There have been unconfirmed reports from several cities in recent months of protests against inflation, and workers joining the Shanghai student protests last week complained of price rises and criticised economic policies.

Clearly, the Government's intention with the student protests is to isolate a few demonstrators, whom the press calls "lawless elements with ulterior motives," and absolve the rest of the student protesters. At a rare press conference yesterday, Mr He Dongchang, a Vice-Minister of Education, said that these "lawless elements" are exploiting the enthusiasm of students.

Mr He claimed that an interloper at the Peking Normal University stirred up students early on Monday morning with speeches "against the Communist Government." Later, the students staged a march through Peking streets in defiance of a government ban on such protests. Mr He said the stirrer has since been apprehended.

The vice-minister said some students had obviously been influenced by western political thinking, and often presumed they knew a lot about life: "In fact, they know very little. These young people have heard about a lot of things but I don't believe they thoroughly understand the things they have heard."

Diplomats noted that several Chinese leaders with conservative views have delivered public statements in the past few days, and suggested that this could be a sign of political manoeuvring prompted by the spate of protests.

A senior politburo member, Mr Hu Qiaomu, said that stability must be maintained and that the party was making "every effort to eliminate unstable factors." Another senior party official, Mr Bo Yibo, criticised ideological direction by saying that many party organisations laid too much stress on "boosting the party members concept of commodity production and finding ways to get prosperous."

Canadian move on Turkish immigrants

By Bernard Simon in Toronto

CANADA has asked the Turkish Government to co-operate in stemming a sudden surge of Turkish immigrants who have joined a flood of other visitors claiming refugee status in Canada.

Concern at the influx has reached new heights with the arrival of 300 Turks in Montreal since Boxing Day, bringing the number to almost 1,900 in the past six months.

The total number of visitors claiming refugee status in Canada has doubled to about 15,000 this year. In addition to the Turks, a group of 225 Latin Americans crossed into Quebec by bus from New York last weekend, and 106 Chileans arrived by air.

Despite Canada's traditionally liberal policies towards refugees, public opinion has hardened since the much-publicised landing of 155 Sri Lankans from a West German vessel off the coast of Newfoundland last summer and a surge of Portuguese visitors claiming to be refugees.

Cases such as these have severely tested Canada's preferred policy of screening refugees before they arrive in the country. Mass air transport and the activities of unscrupulous immigration "consultants" have encouraged foreigners in search of work to arrive as refugees.

An official at the Ministry of Immigration said that Ottawa was considering imposing a visa requirement for Turkish nationals similar to that applied earlier this year on Portuguese.

In addition, the Canadian Government has begun advertising in Turkish newspapers, warning those who unjustifiably claim refugee status that they face deportation.

The Department of External Affairs said yesterday that the Turkish authorities had promised to cooperate in every way possible.

A claim to refugee status has until recently enabled any visitor to remain in Canada for two to three years while the claim is investigated.

Italians name their favourite and least popular politicians

BY JOHN WYLES IN ROME

ITALIAN Prime Minister Bettino Craxi was at the same time the best and one of the worst politicians of 1986, US President Ronald Reagan still has strong support but Soviet leader Mikhail Gorbachev is attracting many admirers while industrialist Gianni Agnelli is the leading heartthrob for Italian women, according to an end-of-year opinion poll conducted for the newspaper La Repubblica.

Some of the oddities of the poll's conclusions can be explained by the optional answers offered to respondents.

Some 35.4 per cent of female respondents said they could fall head-over-heels for the well-preserved 65-year-old president of Fiat compared with Sylvester "Rambo" Stallone (26.8 per cent) Simon le Bon (pop singer 10.7 per cent) and Claudio Martelli (youthful, effervescent Socialist Party leader, 7.1 per cent).

The Italian preoccupation with and commitment to the US and its politics comes shining through. Asked which side they had supported in the year's duels, 53.2 per cent backed Mr Reagan against Mr Gorbachev and 70 per cent against Colonel Muammer Gadaffi of Libya. While Col Gadaffi polled a miserable 13.1 per cent, the Soviet chief attracted a respectable 33.7 per cent — about equivalent to the most recent voting strength of the Italian Communist Party.

Gianni Agnelli: Italian heartthrob

Italians judged Mr Reagan's "Irangate" crisis as more serious than their own domestic political squabbles and even more important than their traffic problems and the fact that the soccer team Juventus (owned, incidentally by Mr Agnelli) has been losing most of its important matches.

Mr Craxi's domination of the political scene was confirmed by 30.2 per cent who thought he had been "the best politician" followed by 15.5 per cent for Foreign Minister Mr Giulio Andreotti, and 11 per cent for Mr Giovanni Spadolini, Defence Minister. Mr Ciriaco de Mita, leader of the dominant Christian Democrat Party trailed a miserable seventh.

Mr Craxi won the support of 8 per cent of respondents to earn fourth place in the worst politician of the year table, a title claimed with public pride by Mr Marco Pannella, the eccentric leader of the country's Radical Party.

Exxon sells S. African affiliates to a trust

Exxon yesterday announced it had sold its interest in its South African affiliates, joining the exodus of American companies from the country, AP reports from New York.

The US oil company said its two small South African companies, which have a combined workforce of about 200, had been sold to an independent trust established to continue business and pursue social responsibility and employee support programmes.

The two affiliates, Esso South Africa and Exxon Chemical, sell petroleum products and chemicals. They do not have refining operations and their combined South African sales accounted for about 0.2 per cent of Exxon's worldwide consolidated revenue in 1985.

Black journalist held

A black South African reporter for Business Day newspaper who specialises in writing about segregated townships was detained without charge under the Internal Security Act, the newspaper said yesterday, AP reports from Johannesburg. Mr Ken Owen, Business Day, condemned Sunday's arrest of Mr Sipho Ngcobo, 32, in a front-page editorial. Mr Owen said the section of the act which allowed for Mr Ngcobo's detention without charge or access to an attorney and friends "a fascist provision of the law . . . (which) emphasises and confirms the character of the regime that has seized him."

Ceasefire 'violated'

Rebel leaders yesterday accused the Philippine Government of 14 ceasefire violations and charged that the military was using the truce to mass troops in the countryside for an offensive against the insurgents if peace talks fail, AP reports from Manila.

Beirut shots traded

Shia Moslem and Palestinian fighters traded fire from behind sandbagged dugouts at two Beirut refugee camps today in spite of orders to uphold a New Year ceasefire, witnesses told Reuter

Polish IMF talks

A VISIT to Warsaw by a team from the International Monetary Fund in mid-January will see the start of talks on credits aimed at easing Poland's chronic debt service problems to the end of the decade, writes Christopher Bobinski in Warsaw.

According to Mr Andrej Dorosz, a newly-appointed Deputy Finance Minister – and now Poland's chief debt negotiator – the talks will initially centre on examining Poland's 1986-1990 plan which was finally approved this month, and comparing it against an eventual IMF programme.

The plan forsees a 16 to 19 per cent growth in national income over the five year period, with per capita real incomes growing by 5 per cent and capital investment by 24 per cent. The wide-ranging debate which preceded approval of the plan revealed that the income and investment figures are seen by many critics as grossly inadequate

Portuguese bishops in radio row

BY PETER WISE IN LISBON

PORTUGAL'S Roman Catholic bishops have taken an aggressive stand on the side of the minority conservative Government in a long running dispute with the left-wing opposition over the reprivatisation of state-owned media.

The Conference of Bishops, the church's ruling body, stepped into the row with a strongly-worded statement condemning as "totalitarian" a measure approved by the left-wing majority in Parliament that withdraws a national broadcasting frequency previously pledged to the Roman Catholic radio station, Renascença.

The legislation overturns a controversial decision taken by the previous Socialist-led Government on the eve of the general election in October 1985, that attributed new FM radio frequencies to the Roman Catholic station and the state-owned radio network, RDP.

Instead, a non-government radio council will be set up to allocate frequencies on an open tender basis.

The bishops said the legislation was a grave injustice "of a totalitarian nature" that did not respect the Church's right to freedom of expression. But supporters say it will bring greater democracy to the country's air waves now crowded with local pirate stations calling for an end to the state and Church monopoly.

Renascença, Portugal's only non-state radio, has said it will go ahead with its plans to broadcast on the new frequency from tomorrow.

The station already broadcasts on three wave bands and claims the country's biggest audience. It is the only church radio in Europe to broadcast on the short wave.

Renascença's influence was clearly acknowledged by left-wing army officers who seized it during the political upheaval that followed the 1974 coup in Lisbon and used it as a vehicle for revolutionary broadcasts.

Kim urges doubling of output

By Our Foreign Staff

PRESIDENT Kim Il-Sung of North Korea yesterday called for a doubling of the country's total industrial output over the next seven years. He also renewed his call for preliminary talks with South Korea to settle the "urgent question of national reunification."

The North Korean Central News Agency, monitored by Reuter in Tokyo, said Mr Kim made the proposals in a speech to the eighth Supreme People's Assembly in Pyongyang. Mr Kim was re-elected President on Monday when the assembly convened for the first time since national elections on November 2.

"During the new plan period, we must attain the 10 long-term objectives of socialist economic construction put forward by the sixth Congress of the (Workers') Party and increase the total industrial output by 1.9 times and agricultural output 1.4 times at least." Mr Kim said.

In renewing his call for unification talks, he said: "We deem it necessary to hold high-level political and military talks between the North and the South in order to settle the first and most urgent question of national reunification."

The talks should cover measures to remove political confrontation and could include moves by both states to stop "slandering" each other.

They would have to discuss steps to ease present tensions such as "reducing armed forces, stopping an arms race, turning the demilitarised zone along the military demarcation line into a peace zone and refraining from large-scale military exercises."

If these talks were successful, he said, the way could be opened for summit talks.

In South Korea yesterday, government officials were not available for comment, but the semi-official Naewoe Press said the offer was the "usual ploy hampering real progress towards dialogue" by proposing unnecessary new channels for talks.

Kaunda and Mugabe renew call for sanctions

BY TONY HAWKINS IN HARARE

PRESIDENT Kenneth Kaunda of Zambia and Mr Robert Mugabe, the Prime Minister of Zimbabwe, yesterday ended a one-day summit with a renewed call for mandatory economic sanctions against South Africa.

They met in the Zimbabwe border town of Kariba amidst speculation that they were preparing to introduce selected measures against Pretoria.

The meeting ended without details of the proposed sanctions being disclosed. The official communique reaffirmed their support for comprehensive mandatory sanctions and stressed the need for closer economic co-operation between Zambia and Zimbabwe. The communique also called for reduced dependence on South Africa, especially in transport.

Sources said after the talks that the two leaders were likely to announce their sanctions policy in their New Year messages to be broadcast today.

Both countries have promised to adopt the limited economic sanctions package agreed at the Commonwealth mini-summit last August, but economists believe the two leaders have been forced to backtrack and adopt a more cautious policy because of the weakness of the Zambian economy and their joint reliance on South African transport links.

The communique called on the UN Security Council to enforce far-reaching sanctions against Pretoria. It praised western companies that have withdrawn from South Africa and urged other multinationals to follow.

Speculation that the frontline states have softened their sanctions stance was underscored by the announcement that the agreement for Botswana to take over the operations of the railway line that runs through Botswana to South Africa from Zimbabwe has been shelved indefinitely.

Botswana was supposed to take over the operations of the railway from January 1, but at the weekend there were reports from South Africa that the Bantustan government of Bophuthatswana, which is recognised only by Pretoria, had threatened to close its border with Botswana unless Botswana granted it diplomatic recognition.

A terse official statement merely announced that "owing to unforeseen circumstances" the rail handover had been delayed

Death toll from bombing of Afghan city 'over 450'

BY MOHAMMED AFTAB IN ISLAMABAD

WESTERN diplomats in Islamabad said on Tuesday that more than 450 civilians had been bombed to death in Kandahar, the south-eastern Afghan city, close to the Pakistan border.

Earlier reports from the scene of the bombing on December 8 had said that the deathtoll was expected to be "over 100." But the latest figure shows the scale of bombing, which was carried out either by disgruntled Afghan pilots or Soviet pilots who may have decided to disobey their military commanders.

A Soviet investigation team was flown from Kabul to Kandahar on December 9, but its report has not been made public. Another version of the events says that the pilots may have tried to defect.

The bombing of civilian targets has been ordered by the Soviet Union and the Afghan air force in the past, but a major bombing operation in a large city such as Kandahar which is the country's second-biggest city, is still rare.

Among the civilian targets which were bombed were the offices of the Kandahar Governor and the Communist Party of the province of Kandahar, and the regional office of the secret service.

Drop in exports hits Venezuelan current account

By Jo Mann in Caracas

THE president of Venezuela's central bank, Mr Hernan Anzola, announced yesterday that Venezuela would have a balance of payments deficit this year estimated at $3.9bn and a current account deficit of $2.1bn.

In presenting his end-of-the-year report on the Venezuelan economy, the central bank official said that exports for 1986 were estimated at $8.7bn, compared with $14.1bn in 1985, while merchandise imports were $7.6bn against $7.3bn last year.

Foreign reserves held by the central bank fell by $3.9bn. At the end of 1985 reserves stood at $13.7bn and the bank estimates they will total $9.8bn at the close of 1986.

Not included in these figures are foreign currency reserves held by the national oil company, the government-owned Venezuelan Investment Fund and the commercial banking system.

Mr Anzola also said that based on preliminary figures, Venezuela's gross domestic product (GDP) would grow by 3.1 per cent this year, with the petroleum sector expanding by 0.3 per cent and non-oil sectors increasing by 3.3 per cent. This is the first time since the end of the 1970s that the Venezuelan economy has shown pronounced growth.

Budapest fires economy chief

BY LESLIE COLITT IN BERLIN

THE HUNGARIAN Communist Party, faced with a deteriorating economy, has replaced Mr Laszlo Ballai, head of the Economic Policy Department of the Central Committee, with his deputy, Mr Miklos Nemeth.

An announcement issued at the end of the two-day Central Committee meeting said Mr Ballai would be given another "important post."

The replacement came after the Central Committee heard a bleak assessment of the economy last month by Mr Ferenc Havasi, the party's chief economic policymaker. Economic growth is virtually nil while the current account deficit with the West is growing rapidly.

The latest Central Committee meeting dealt with technological developments and was followed by a lengthq resolution which repeated previous admonitions on the need to catch up with advanced industrial countries.

It said skilled persons should be employed in the right industries, a veiled reference to the fact that many young engineers and scientists in Hungary open up lucrative repair shops instead of going into low-paid industrial or research jobs.

Mr Nemeth, in a recent Hungarian radio interview, said the economy was developing "very unfavourably." A "more resolute" policy on industrial restructuring and on phasing out government subsidies to loss-making companies was needed. He said the practice of transferring funds from profitable companies to loss-making ones must cease.

Such aims, he admitted, had been "proclaimed" by the leadership over the past 15 years, but it had failed to adjust its economic instruments and its thinking to them.

US-Iran talks on $500m frozen assets adjourned

BY OUR AMSTERDAM CORRESPONDENT

TALKS between US and Iranian bankers which began in the Hague on Monday on resolving Iran's claim to $500m of assets frozen in the US were adjourned yesterday, but are resuming early today.

The US Embassy said the adjournment was to give the two parties time to study draft documents and consult with their Governments, and denied that the talks had broken down or run into serious difficulties.

No news was available on the progress of the talks, but the embassy spokesman said a statement might be made later today.

The talks are being held to agree the terms of transferring funds from the US to Iran, based on a ruling by the Iran-US claims tribunal in the Hague last August.

Lionel Barber reports from Washington: The dispute over Iran's frozen assets in the US poses a delicate political problem for the Reagan Administration in the light of the arms sales controversy.

If it hands over the money without any American hostages being freed, some people might get the impression that the US, once again, has been tricked by Tehran.

US economic index takes a big leap

THE INDEX of leading indicators, the US Government's main barometer of economic trends, rose an encouraging 1.2 per cent in November sharply up on October's 0.5 per cent increase, Lionel Barber reports from Washington.

The increase was double what the stock market expected

The index, which measures a wide spectrum of economic activity, is designed to suggest how the US economy will perform in three to six months.

Some economists predict a lacklustre year for growth in 1987 with inflation rising. But many forecasters also believe the US economy will pick up

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A flurry of year-end diplomacy has revitalised a programme to scrap all trade barriers, writes **William Dawkins**

European vision of free common market is back on course

AS LITTLE as two months ago, the European Economic Community's ambitious plans to build a European market free of trade barriers by 1992 looked a premature hope.

However, a hectic flurry of backroom meetings between national officials and the European Commission, coupled with intense diplomatic lobbying by Britain during the last weeks of a difficult EEC presidency, has blown the plan out of the doldrums and back on course.

The 12 member-states have agreed, with surprising speed, measures, among others, to open up public procurement, liberalise shipping, protect microcircuit designers from unauthorised copying and give EEC manufacturers tougher safeguards against counterfeit imports.

The record 47 internal market decisions made during the UK's presidency from June to December have provided a welcome counterpoint to the community's failure to make headway in the past six months on pressing issues such as the 1987 budget, air fare liberalisation and US trade relations.

Even so, there have been hiccups. At one point, the commission grew so infuriated with the eagerness of member-states to create loopholes in a plan to harmonise duty-free regulations that it pulled the directive off the table, only to bring parts of it back later.

Yet even the most jaundiced commission officials admit the past few months have seen significant progress on a series of issues of key importance to Europe's industrial competitiveness.

The commission's 300-point programme for scrapping all kinds of barriers to free trade, adopted by member states 18 months ago, goes to the heart of the EEC founders' original vision of a European Common Market that could hold its own as a unified economic power against almost any in the world.

Progress at this stage of the programme matters because the full schedule has to be agreed well ahead of the December 1992 deadline to give member governments time to embody the measures in national legislation.

Britain, along with the Netherlands and Luxembourg, the two immediately preceding EEC presidents, and later Belgium agreed last year to a rolling programme of 149 internal market decisions by next June, of which 95 were due to be completed by the end of this year. In the event, the 1986 score is 68, of which 32 were agreed or adopted in the past month alone.

Yet the numbers game can be misleading, as the British government was keen to stress during the early part of its presidency when progress on the internal market was painfully slow.

For one thing, much of the groundwork on these inevitably technical proposals only bears fruit months later. The Netherlands, for instance, managed to push through an uninspiring 21 internal market decisions during its term as president, but secured outline agreement for eight more, which were not formally adopted until after the UK took the chair in June.

What is more important, however, is that each decision carries different weight. It is unhelpful to compare a regulation on the layout of fork lift truck pedals to a set of standards governing the next generation of telecommunications equipment.

Yet even restricting the count to measures that have a broad impact, the British presidency's tally is encouraging. It includes an acord on type approvals for telecommunications equipment — a step towards common standards in one of Europe's most fragmented industries.

Work was meanwhile started on setting specifications for integrated services digital networks (ISDN), a new telecommunications system which is estimated to represent a £29bn market across the community by the end of the decade.

KEY MOVES UNDER UK PRESIDENCY

TECHNOLOGY: Type approval for telecommunications terminal equipment; direct broadcasting by satellite standards; moves towards integrated services digital network standards; legal protection of microcircuits; information technology standards.

INDUSTRIAL: Tougher controls on imports of counterfeit goods; four directives streamlining the marketing and testing of pharmaceuticals; maritime package, including rules to combat unfair pricing, safeguard free access to ocean cargoes, introduce freedom to provide services between member-states, and apply EEC competition regulations to shipping; freer competition for public supplies contracts.

FINANCIAL: Free capital movements for a range of investment vehicles; more information in annual accounts of banks and other financial institutions.

Anybody who has tried and failed to use a British television on the Continent will applaud an agreement on direct satellite broadcasting standards, designed to avoid in future the present mayhem created by the co-existence of the EEC of two incompatible types of colour television.

A recent accord to introduce freer competition for public supply contracts represents the biggest step towards a more open procurement policy for 10 years.

Meanwhile, pharmaceuticals companies should find it easier to launch drugs thanks to streamlined testing procedures agreed this month.

The first elements of an EEC maritime policy found agreement in the form of a package that will liberalise shipping within the community, allow EEC shippers legal redress against unfair pricing and lay down rules for joint action against non-member states' restrictions on access to ocean cargoes.

In the financial sector, one major decision will oblige financial institutions to tell the public more about their accounts, while a series of measures to liberalise capital movements represents only the second step in that direction since 1962.

Lord Cockfield: prepared White Paper

One factor driving all this activity has been the realisation among member states that if they do not lift objections to proposals that command otherwise broad support in 1986, they face the risk of being over-ruled in 1987 when the European Single Act is due — if it overcomes the hurdles put up by Greece and Ireland in the past 10 days — to introduce more majority voting.

Another has been the acceptance that the political gains to be made from progress on the internal market can outweigh individual member states' relatively slight objections—a message put by Mrs Margaret Thatcher, the Prime Minister, in a letter in November to her EEC colleagues.

Britain is probably the most enthusiastic supporter of the commission's internal market policies and has therefore worked efficiently — on most points. Lord Cockfield, the British Commissioner, was responsible for the White Paper.

Whether the Belgian presidency will be able to keep up the pace when it begins tomorrow is harder to say. Britain has left it with an unpromising hand, mostly comprising measures on which the UK got stuck.

The long-running wrangle over air fare liberalisation is no nearer resolution, while Denmark appears as deeply entrenched as ever against a proposal to harmonise car exhaust levels on the grounds that it is not tough enough.

To cap it all, the Council of Ministers is expected to debate in early April six measures to bring into line individual indirect tax systems—one of the most politically sensitive cards in the commission's pack.

Aeritalia to build 12.7% of MD-11 tri-jet airframe

BY JOHN WYLES IN ROME

PRODUCTION sharing arrangements between Aeritalia, Italy's leading aerospace manufacturer, and McDonnell Douglas will be substantially increased following the US company's decision to launch its new MD-11 aircraft.

Mr Renato Bonifacio, president of the Italian state-owned company, announced yesterday an agreement that will involve Aeritalia in producing 12.7 per cent of the MD-11 airframe.

This is more than double the Italian company's participation in DC-10 manufacturing and will be worth around $4m (£2.8m) in revenue for each MD-11 delivered. Aeritalia's collaboration with the US manufacturer dates from the mid-1960s and has also involved supplying components for DC-8 and DC-9 aircraft and for the MD-80 series.

Mr Bonifacio stressed that the MD-11 agreement was reached before the Italian state airline, Alitalia, decided late on Monday evening to sign a $1.35bn letter of intent for 20 McDonnell Douglas aircraft, including six "combi" (passenger and freight carrying) versions of the MD-11.

"Alitalia undoubtedly took our agreement with McDonnell Douglas into account, but its choice was made on the basis of economic and operating criteria," said Mr Bonifacio.

Aeritalia's developing expertise in applying carbon fibre technologies to aircraft fuselage panels, particularly those for use in combined passenger and freight versions, is the reason for this important step forward in its collaboration with the US company.

Officials say that for the first time, Aeritalia will have design and development as well as manufacturing responsibilities for the "Combi" versions of the MD-11.

Aeritalia is the only important Western European aerospace company to have stayed outside the Airbus consortium. Airbus has reportedly tried to interest the Italian company in participation in the projected A-340 programme.

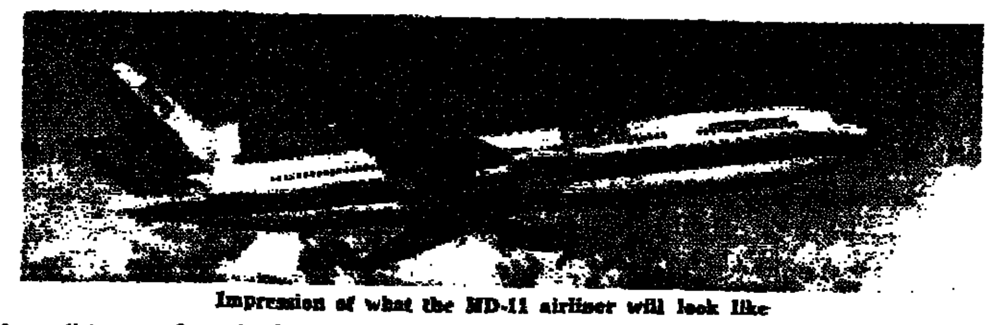
Mr Bonifacio hoped yesterday that McDonnell Douglas' decision officially to launch the MD-11 would prompt Airbus to resume talks on a joint project with the US company. In the meantime, he made it clear that Aeritalia's loyalties clearly lie across the Atlantic.

McDonnell Douglas decision puts Airbus on the spot

Europeans challenged by MD-11 commitment reports Michael Donne

THE DECISION by McDonnell Douglas of the US to go ahead with full-scale development and production of its MD-11 tri-jet long-range airliner, at a cost of over $1.4bn (£970m), is likely to put pressure on the European Airbus Industrie airliner manufacturing group for an early commitment on development of its rival airliner, the four-engined, long-range A-340.

That in turn is likely to increase pressure on the UK Government for a decision on £750m of launching aid that British Aerospace, the UK partner in Airbus, has asked for to enable it to build the common wings for the A-340 and its stable-mate, the short-to-medium range twin-engined A-330.



Impression of what the MD-11 airliner will look like

The decision to go ahead with the MD-11 was taken by the McDonnell Douglas board in St Louis late on Monday, following receipt of a further order for six of the aircraft from Alitalia of Italy. This brought the total firm orders so far to 52 aircraft, with another 40 on option, from 12 customers, including some who have not been named.

The value of this order book is estimated at over $8bn, more than adequate to justify the Douglas Aircraft Division of McDonnell Douglas pressing ahead with the jet.

First flight of the MD-11 is set for early 1989, with the first aircraft entering airline service in early 1990.

The MD-11 is an advanced, wide-cabin three-engined jet airliner designed to carry more than 300 passengers over very long distances of up to 8,000 statute miles non-stop.

Although primarily designed as a replacement for the ageing DC-10, McDonnell Douglas is planning already to extend the basic MD-11 aircraft into a "family" of jets to cover a wide variety of passenger loads and distances.

Airbus Industrie is also well ahead with the preliminary planning of its own two new aircraft but has so far announced no firm orders (although both Lufthansa of West Germany and Air France are likely to buy the A-340).

Airbus is planning to build the two jets with common wings, systems and fuselages to keep down development costs. It plans to build the long-range A-340 first, for service in the early 1990s, followed by the short-to-medium range A-330.

The European group, however, is dependent upon the governments of its UK, French, West German and Spanish partners subscribing the $5bn plus that full-scale development of both aircraft is expected to cost.

The UK Government has been asked by British Aerospace for launch aid of up to £750m for its projected role in developing and building the wings for both new Airbuses.

But the Government is understood to be reluctant to put up so much cash, especially since it is by no means convinced that the market for the A-340 justifies money being spent on its development, although a more favourable view is taken of the A-330.

The decision by McDonnell Douglas to go ahead with the rival MD-11, together with the hitherto undisclosed strength of its order book, is bound to harden the view of the Department of Trade and Industry that, before irrevocable commitments are made, further efforts ought to be made by Airbus Industrie for a deal with McDonnell Douglas to merge the A-340 into the MD-11, while continuing to develop the A-330, in which the US company could be given some share.

Such notions find no favour with Airbus Industrie's president, Mr Jean Pierson, who remains convinced that despite the lead built up by McDonnell Douglas (including capturing orders from some airlines in Western Europe that Airbus had hoped to win), there is still a future for the A-340 in world markets.

There have been no further discussions between Airbus and McDonnell Douglas since the talks on possible collaboration on long-range jet airliners were ended without agreement last autumn.

The fact that only last week Airbus Industrie signed an agreement with the International Aero Engines consortium to fit the new IAE Superfan engine on the A-340 has been taken as an indication of the Airbus Industrie commitment to the A-330 and A-340 programmes, and throughout Airbus there is an air of determination to make its new ventures succeed, with or without British participation.

Privately, Airbus makes it clear that the British participation in the new Airbus ventures must be total, because the use of common wings for the A-330 and A-340 makes it impossible for the British to finance and build the wings for one aircraft, the A-330, and not for the other, the A-340.

Such a situation would be impossible for Airbus to accept either financially, or technologically and industrially.

The only alternative would be for the UK to opt out of the new Airbus ventures entirely, leaving Airbus Industrie to find other partners to build the wings.

There is likely to be no lack of such partners. There are competent wing builders in the US, Japan and elsewhere in Western Europe who probably would be willing to come into the new Airbus ventures, and who would also probably be able to find the money.

But that would inevitably mean a considerable delay in getting the Airbus ventures rolling, leaving the market wide open in the interim for McDonnell Douglas to clean up, especially among those airlines that already have ageing long-range tri-jet fleets, such as DC-10s and TriStars, and who urgently need to commit themselves to replacement aircraft.

For that reason, Airbus would prefer to see the UK remaining in the consortium, undertaking the wing design, development and production for both new Airbuses, on which British Aerospace has already spent a considerable amount of time and much of its own money.

Indeed, BAe is regarded as now being in the forefront of airliner wing technology and is itself anxious not to lose the benefit of the expertise it has built up in this highly competitive field. That is why it is seeking the full £750m in launching aid, arguing that anything less would, in effect, prevent it from participating in the ventures.

Standing on the sidelines is mighty Boeing, watching the market closely to see what is likely to happen. Boeing argues that with the wide variety of its 747 Jumbo jet range of airliners, coupled with the long-range model of its twin-engined 767, it has available a series of aircraft capable of meeting airline needs for both long-range and high-density short-range operations.

Boeing intends to fight the competition from both the MD-11 and the A-330/A-340—indeed it was fighting against Douglas for the Alitalia contract—and says that it is not frightened of the prospective entry of Airbus into the long-range market.

W German clean-up casts doubts on plaster industry

BY DAVID MARSH IN BONN

THE PROSPECT of a white Christmas next year is already giving the West German plaster industry nightmares.

Together with environmental experts, the industry is worried stiff about the increasing amounts of plaster which will be produced from 1987 onwards as a by-product of strict anti-pollution controls on the country's coal power stations.

"We're working against time," says an official at the Environment Ministry of the most populous state (Land) of North Rhine Westphalia, which has the largest concentration of coal-fired power stations. "If we cannot find proper dumps (for the plaster) and we fail to find ways of using it industrially, we'll have to switch the power stations off."

The problem arises from West Germany's tough environmental regulations brought in during the last few years to clean up the air and reduce on tree-killing acid rain.

The rules require all large coal fired power stations to reduce sharply sulphur dioxide emissions by 1988.

However, in a sense the pollution is being shifted from the air into the ground. Most flue gas desulphurisation plants being fitted to power stations around the country use a limestone scrubbing process which creates large quantities of plaster (calcium sulphate) as a by-product.

The plaster industry, and its traditional customers in the building sector, are showing some resistance to using power station plaster rather than the natural product for traditional uses.

And environmentalists are anxious that hundreds of thousands of tonnes of plaster likely to be discharged monthly from power stations in coming years could pollute drinking water supplies.

Rheinisch Westfaelisches Elektrizitaetswerk (RWE), West Germany's biggest utility and the one with the most anthracite and lignite-burning power plants, is already involved in a dispute with the North Rhine Westphalia Environment Ministry.

RWE claims that, mixed with ash and other residues, plaster from lignite-burning power plants can be stored in solidified form without any danger of contaminating the water table.

The ministry is not so sure. RWE plans to bury excess plaster in disused lignite quarries have been put on ice pending detailed examination of whether such dumps could be dissolved by water and seep into municipal supplies.

The plaster industry sells 2.2m to 2.3m tonnes of the product a year in West Germany, according to Mr Karlheinz Volkart, business manager of the plaster industry association.

This is dwarfed by the predicted amounts of 2.5m tonnes of plaster from anthracite burning plants, and 1.4m tonnes from lignite-fired stations likely to come on to the market yearly by the end of the decade.

Industry is sceptical about plans to replace the natural product by power station plaster. Mr Volkart says problems arise in meeting requirements for cement-making and other construction uses. Plaster from desulphurisation plants is likely to meet acceptance difficulties because of "public sensitivity," he says.

Bonn gleeful over economy

BY DAVID MARSH IN BONN

The West German Government is ringing in the New Year with resounding optimism over the economy designed to buttress its already sound chances of remaining in power after the January 25 general elections.

A string of confident statements over the likelihood of economic growth of between 2.5 and 3 per cent next year was followed up yesterday by another set of favourable inflation figures.

According to provisional estimates from the Federal Statistics Office, consumer prices rose 0.1 per cent in December, producing a fall of 1.1 per cent, compared with December 1985. The average price index for 1986 fell 0.2 per cent from 1985, against a rise of 2.2 per cent in 1985 over 1984.

Government spokesmen commend price stability in 1986 as a significant reason for overall economic optimism. This is in spite of the recent forecast from the Government's advisory economic council that next year's growth will average only 2 per cent.

Even Mr Johannes Rau, the Opposition Social Democratic Party's candidate as chancellor in next month's poll, has been forced to admit this week that 1986 economic trends have been largely positive.

According to the latest opinion poll carried by the pro-Government newspaper Die Welt yesterday, a 16-percentage point gap has opened up between the SPD and the CDU/CSU conservative parties which dominate the centre-right coalition.

The SDP is trailing with 32.4 per cent of the vote compared with 48.7 per cent for the CDU/CSU.

Zest for food is unabated

BY ANDREW FISHER IN FRANKFURT

THE FASHION for fitness and a shapely figure has taken hold in West Germany and many restaurants now serve slimmer portions, but the overblown appetite and the bulging waistline have by no means disappeared.

In fact, many Germans now seem to have an even bigger zest for food than they did after the hard times of the post-war years had given way to the Wirtschaftswunder, or economic miracle.

Since 1962, the Allensbacher polling institute has shown people drawings of four dishes, ranging from one piece of meat and two and a half potatoes to two pieces and at least 10 potatoes, and asked them how much they thought they could eat and whether they wanted second helpings.

This year, 59 per cent of those polled (2,083 people across the country) said they could only manage one plateful. In 1962, the figure was 67 per cent.

The same number as in 1962, 24 per cent, opted for the smallest dish for their first, or only, helping. In the late 1960s, those with such modest appetites amounted to 34 per cent. The greedy ones going for the biggest helping totalled 6 per cent, back to the level of 1962 after a drop in between.

Allensbacher did not try to interpret its findings. But it was surprised at the "astonishing appetite" shown by West Germans in a period when hunger is hardly known in the country. Yet in a year when purchasing power has soared, helped by low oil prices and the strong D-mark, some of the excess cash has clearly been translated into extra calories.

UK NEWS

CBI forecasts accelerated growth in 1987

BY JANET BUSH

BRITISH ECONOMIC growth should accelerate next year, boosted by export demand and investment as well as consumer spending, according to the Confederation of British Industry (CBI).

The economy as a whole should grow by some 2.7 per cent with manufacturing output recovering the momentum of 1985 with a rise next year of about 3 per cent. Gross domestic product is estimated to have grown by about 2.5 per cent in 1986.

Mr David Nickson, president of the CBI, said today that exports were already benefiting from the lower pound and should increase by more than 3 per cent in 1987. Imports, however, were likely to increase even faster, leading to a current account deficit of about £2bn.

This forecast for the balance of payments is somewhat above the estimate of a £1.5bn shortfall in 1987 given by Mr Nigel Lawson, Chancellor of the Exchequer, in his Autumn Statement. But it is well below several other independent forecasts, which are looking for a deficit of nearer £3bn.

In his Autumn Statement, Mr Lawson said he was expecting the economy to grow by around 3 per cent in 1987.

The CBI said there would be fewer jobs in manufacturing industry next year but demand for labour by service industries should more than offset this loss to bring a slow but steady fall in unemployment of about 100,000 in the course of 1987.

Mr Nickson said, "Overall, the picture is one of steady growth in line with the increase in world trade. International markets will continue to be intensely competitive and the ability of British companies to win a larger share will depend on their success in holding down costs, particularly unit labour costs, and improving the attractiveness and quality of products and services."

He said the CBI had set up two working parties. One, the City-Industry Task Force, will examine relationships between the city and industry and the Vision 2010 Group will study Britain's potential contribution in the field of high technology.

Union leaders predict a year of gloom

BY CHARLES LEADBEATER, LABOUR STAFF

TRADE UNIONISTS will today receive new year messages from their leaders which paint a picture of gloom, relieved only by hope of a change of government in 1987.

Mr Norman Willis, the general secretary of the Trades Union Congress (TUC), unequivocally warns that the next year will be "dodgy" for Britain. "A balance of payments deterioration, mass unemployment, intolerable stress on our social and health services – all these are real problems that complacency will make dangerously worse," he says.

Mr Willis offers the Government and employers as much co-operation as the trade unions can muster to overcome these problems.

Mr Campbell Christie, the general secretary of the Scottish TUC said that 1986 would go down as a year of "butchery" for industry in Scotland.

"The stimulating thing is that there is great unity of purpose in Scotland, a great willingness to work together to sort out our problems. That unity has been frustrated by a Government which cares more about the City of London, than industry in Scotland."

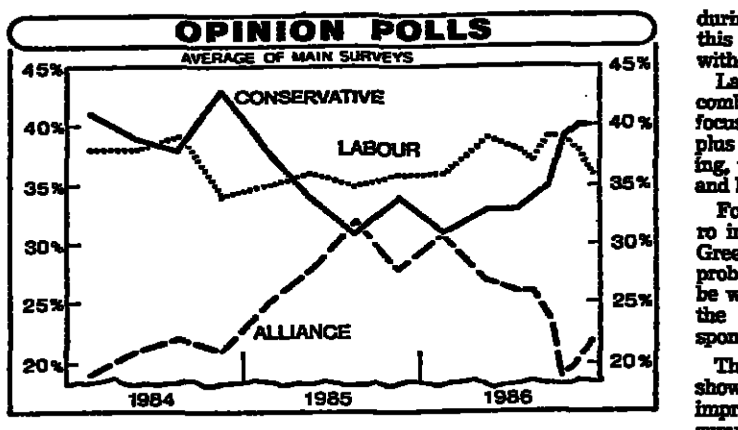
In similar vein Mr Sam McCluskie, the general secretary of the National Union of Seamen, says that the UK fleet will be destroyed by the flow of British-owned vessels registering under foreign flags of convenience unless the Government takes action.

Mr Roy Grantham, leader of the white collar union Apex, says the labour movement will face new challenges in 1987 in the event of a Conservative party victory in a general election.

Peter Riddell looks at favourable opinion poll omens for Thatcher

Tories get the scent of victory

EVERY POLITICAL party in the past 25 years with as clear a lead in the opinion polls as the Conservatives now have over Labour has gone on to win a general election held within the following four or five months.



The Conservatives face a possible general election between the coming spring and autumn with their strongest opinion poll position for two years. A weighted average of the main published surveys, thus ironing out random fluctuations, puts the Tories at 40 per cent, ahead of Labour on 36 per cent and the SDP/Liberal Alliance at 22 per cent.

In each of the past seven general elections in Britain, going back to 1964, the party with a lead four or five months ahead of polling (implying a May or June election) has gone on to success. With only one exception, the party ahead nine months before polling has also won.

Moreover, in two-thirds of the elections the governing party has improved its relative position in the four or nine months up to polling day.

Past precedent is not particularly comforting for Labour since in five out of the seven elections its standing has fallen back in the run-up to polling, while, with only one exception, the Alliance improved its position.

This analysis will provide for the growing number of Tory MPs, encouraged by Conservative Central Office, who are urging Mrs Margaret Thatcher, Prime Minister, to go for an early summer general election rather than one in October, as has so far been her preference.

However, the present figures could mean that the Tories are only just up to the level needed to secure an overall majority in the House of Commons. Any Alliance recovery during the campaign could erode this margin to leave the Tories without an overall majority.

Labour strategists hope that the combination of a sharper new year focus on economic and social issues, plus a pick-up in the Alliance's rating, will undermine the Tory lead and benefit them.

Forthcoming by-elections at Truro in the west of England and at Greenwich, south-east London, probably in two month's time, will be watched as possible pointers to the result, together with the response to the spring budget.

The underlying trend of the polls shows that the Tories have steadily improved their position since the summer and have now settled down at around 40 per cent. This was initially at the expense of the Alliance but more recently Labour has slipped back.

After its big drop in the aftermath of the defence row at the Liberal Assembly in late September, the Alliance's rating has begun to recover, but is still at its lowest level for nearly two years.

Party leaders step up votes campaign

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MRS THATCHER and Mr Neil Kinnock, the Labour leader, last night attacked each other's policies and, in turn, attempted to set the agenda for a general election which looks increasingly likely in 1987.

In New Year messages, both party leaders made it clear that, whenever the election is finally called, the campaign to win votes is already well under way and will now intensify.

Mrs Thatcher, who gave no hint of an election date in her message, said that although her government had beaten back socialism, it had not yet overcome it. In a pointer to her determination to make political mileage out of the activities of left-wing controlled local councils, she said that some "tinpot socialist republics" remained in local government, using the tactics of intimidation and harassment which were alien to the British character.

She added: "This is the essential difference. Socialists want the Government to exercise power over people. Conservatives want the Government to give power back to people. And we have done just that."


Mrs Margaret Thatcher


Mr Neil Kinnock

In attacking Labour's non-nuclear defence policies Mrs Thatcher said nuclear arms had kept the peace in Europe for over four decades and to discard them, as Labour proposed, would constitute an act of folly which would put peace at risk.

She said that Britain today was more truly democratic than ever it was under socialism and claimed a "new spirit of enterprise" was gaining ground, with British companies taking on foreign competition and winning.

Mr Kinnock made clear his belief that the election would come in 1987, a year in which he said the British people would have to decide whether they were ready to turn their backs on "a flotsam economy that exists on the bits left by the ebb and flow of the world's financial tides."

He said Mrs Thatcher's "feckless and shady" Government had stripped Britain of its assets, integrity and strength "in all of its antics with Westland, BL and Awacs, in its reluctance to act against City slickers and insider dealers, its waste of oil revenues, its contempt for the needy, its doting on President Reagan and its appeasement of apartheid."

The Labour leader said Britain faced the challenge of improving its manufacturing output, reducing unemployment, investing in "real defence" and of establishing a nation which is united and productive rather than "divided, stagnant and unfair".

The Tories, he said, would fight the election campaign on promises of "jam tomorrow", an income tax giveaway partly financed by public asset-stripping and slanders and smears against Labour. He claimed it was a lethal combination and that Labour's commitment to serve all the people, rather than a favoured few, would win at the polls.

London broking firm assists Australian shares investigation

BY CHRIS SHERWELL IN SYDNEY AND CLIVE WOLMAN IN LONDON

RECENT SHARE dealing in two Australian companies conducted through Alexanders Laing and Cruickshank, the London broker owned by Mercantile House, is being investigated by Australia's National Companies and Securities Commission, the country's share market watchdog.

The inquiry concerns trading in the shares of Humes, a building materials manufacturer, and APA Holdings, an insurance and financial services group which launched an A$361m (£157m) bid for Humes in July.

Alexanders, which has a 50 per cent-owned Melbourne associate May Mellor Laing and Cruickshank, in which it hopes to increase its stake next year, is APA's London broker. It underwrote a European placing of convertible preference shares for it earlier this year.

The commission's inquiries focus on two main areas. One is the heavy trading of more than 14m Humes shares on December 2, which drove the share price up almost A$1 to A$4.25 and aborted a friendly merger deal which Humes had negotiated to defeat the APA bid. Some 8 per cent of the company changed hands, and trading was suspended. When it resumed, the share price fell back, implying a major loss for the purchaser.

In addition, the commission has expanded its inquiry to look at more general trading in APA shares. Recent buying of the shares in Australia has also come through Alexanders.

One London-based Alexanders official, Mr Hamish Rainey, has already appeared before commission investigators, and another senior executive will shortly travel to Melbourne to answer more questions when the inquiry resumes next Tuesday.

Mr Robert Dowdall, compliance officier at Alexanders, said in London last week that the firm had done nothing wrong but was simply assisting the commission in its inquiries.

APA is controlled by Unity Corporation, the financial group headed by entrepreneur Mr Garry Carter. The two own Unity-Apa, an investment banking group, which earlier this year built up a 20 per cent stake in Humes, in advance of the all-paper bid from APA in July.

Humes resisted the takeover and on December 1 announced that it had found a so-called "white knight," Smorgons Steel, a family-owned Melbourne business, which agreed to a reverse takeover. But the hectic trading of December 2 aborted the Smorgons deal. Some 13m Humes shares were bought through Alexanders' London office by Mr Yosse Goldberg of Western Continental Corporation, a minerals and banking company.

The commission suspended trading in Humes shares the next day and began a private inquiry. A week later, it said it was expanding its investigations to include trading in APA, whose ordinary shares, which form part of the takeover offer for Humes, have held their price while the preference shares have weakened.

Alexanders, meanwhile, is in dispute with Mr Goldberg about the 13m Humes shares it bought for him. On December 17 it formally notified the commisison that it owned the shares as a result of "non-payment." Mr Goldberg also claims ownership, has criticised the way his order was executed and disputes suggestions of non-payment.

Industry Year a 'flop'

BY FIONA THOMPSON

INDUSTRY YEAR 1986 has been, not to put too fine a point on it, a flop, according to a market research report released yesterday.

Launched this time last year amid a fanfare of speeches from royalty (Prince Philip), industry (Sir Terence Beckett) and unions (Norman Willis) preceding a voluptuous lunch for 200 top people, the campaign's prime aim was to make industry user-friendly.

As far as the general public is concerned, it has singularly failed, the Association of Market Survey Organisations (ASMO) says in its report.

Based on interviews conducted by Survey Research Associates, one of ASMO's 30 member agencies, the report says that by the end of the year only 17 per cent of the population were aware that Industry Year had even taken place.

هكذا منه الإمرأ

Telephone may open up MPs' debates to world

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

DAILY PROCEEDINGS in the House of Commons could be broadcast by telephone to the British public as early as next summer.

Members of Parliament are to be asked to approve the introduction of a telephone listening service which would enable subscribers to dial in and hear all debates live from the Commons.

A trial period of several months could begin before next summer's parliamentary recess, which means that the service might be available in the run up to the next general election.

Sir Philip Goodhart, chairman of the Commons select committee on sound broadcasting, which has put forward the proposals, said yesterday that there was no technical reason why Commons debates should not eventually be open to the entire world. Mr Gorbachev or President Reagan, he added, might soon be able to pick up the telephone and listen in to Prime Minister's questions time.

The move follows a lengthy study by British Telecom into the feasibility of using the telephone network to provide a further communications link between the public and parliament.

Neither British Telecom nor the select committee members believe the service will prove overwhelmingly popular or highly profitable, but they expect sufficient interest from subscribers to cover the modest running costs of the service.

Any profits would be split between British Telecom and the parliamentary authorities.

Subscribers will have to pay 38p a minute – reduced to 25p after 6pm – to listen in to Commons business. Recordings of particularly important sessions would also be available and British Telecom says the service could be extended to the House of Lords and to select committee meetings.

Sir Philip said he believed MPs would find it hard to reject the proposals. There would be no cost to the taxpayer and the problems of bias and editorial selection which had emerged during the debate on the televising of the Commons would not arise because all Commons proceedings would be broadcast.

Private house building at 13-year peak

BY JOAN GRAY, CONSTRUCTION CORRESPONDENT

PRIVATE house building in Britain is at its highest level since 1973 according to National House-Building Council (NHBC) figures published yesterday.

A total of 185,700 houses for sale were started in 1986, says the NHBC, the regulatory body which oversees house building standards.

The NHBC's figures confirm predictions from other industry bodies such as the National Council of Building Materials Producers. "The availability of adequate mortage finance has been a major factor in producing this high total," said Mr Basil Bean, NHBC director general.

Regional variations had also been significant. London, the south-east and the south-west had been areas of greatest activity. But regions such as the north-east and West Midlands had not shared in the boom.

Mr Bean gave a warning that the increased activity might not last through 1987. Increases in land values, diminishing land banks particularly in the south and caution among the lending institutions might all limit growth and indicate a lower level of activity in private house building next year, he said.

Securities firm admits possible law breach

By Nick Bunker

SMITH NEW COURT, the London securities dealer, says it may have broken company law with a big financial incentive scheme for its directors.

Smith has admitted failing to ask shareholders' approval when it helped five directors buy properties worth between £75,000 and £278,000. They included houses in and near London and a £92,000 flat in Spain.

Smith New Court is the parent company of Smith Brothers, the former stockjobbing firm. Its senior employees have a reputation for being some of the most highly-paid traders in the London Stock Exchange. Its last annual report showed that 14 directors were paid more than £115,000 in the year to April, 1986.

The deal in April 1985 was intended to match big financial incentives offered by other City institutions at a time of cut-throat competition for experienced securities traders.

Smith New Court's problem has come to light in a letter from its chairman Mr Tony Lewis sent to shareholders on December 23. It notifies them of an extraordinary general meeting due to be held on January 9 to vote on new proposals aimed at clearing up the situation.

The letter says that Smith New Court or a subsidiary company purchased properties jointly with certain senior executives. In the five cases where directors where involved, Smith New Court or Smith Brothers (Servicing and Leasing) paid between £70,000 and £75,000 of the cost of each home.

Smith New Court then sold each executive for £1 an option to buy the company's interest in his property at any time in the next 10 years for its cost price plus 10 per cent.

Mr Lewis said the board had now been advised that shareholders' approval was required under Stock Exchange rules and the 1985 Companies Act for any such deal involving directors.

Morgan Grenfell bombshell hits hard

WITH ITS dramatic statement last night, Morgan Grenfell has lobbed a bombshell which will wreak damage well beyond the confines of its elegant City of London headquarters in Great Winchester Street.

Apart from blowing another gaping hole in its already battered reputation, the news of Morgan's resignation as Guinness' adviser and the departure of Mr Roger Seelig, its star takeover artist, will fuel speculation that highly questionable – if not actually illegal – tactics were employed during last summer's bitterly fought Guinness-Distillers takeover battle.

At the very least, the resignations will add to cries that heads must also roll at the top of Guinness, whose chief executive Mr Ernest Saunders is increasingly under siege. They must also spell the end of the highly controversial "no holds barred" style of takeover pioneered by Morgan – much to the relief of others in the City.

But the full implications of these developments may not become clear until the many investigations now being carried out into City scandals – at the heart of two of which Morgan finds itself – have been completed by inspectors from the Department of Trade and Industry.

Of the two announcements, Morgan's resignation as Guinness' adviser is the least surprising. Although Morgan successfully masterminded the Distillers takeover for Guinness during the summer, relations between Morgan and Guinness have been plunged into acrimony by all the counter-accusations of wrongdoing that have since emerged.

These centre on who was responsible for – and financed – large purchases of Guinness shares which had the effect of supporting the brewing company's share price and boosting the value of its offer for Distillers.

Although evidence has emerged that Guinness itself paid for some of them in possible breach of the Companies Act, it has also been claimed that Mr Seelig, who was handling the deal, promised to indemnify purchasers of Guinness shares if the value of their holdings declined.

David Lascelles

At the very least, this would be contrary to the Takeover Code, and Morgan's position is that Mr Seelig had been given no authority by his superiors to enter into indemnity arrangements. His resignation is a clear sign that he overstepped the mark.

Six months ago, Mr Seelig's departure would have been regarded as a serious loss to Morgan. Aged 41, he is an inveterate dealmaker whose ruthless, restless style made him one of the most famous – and in many quarters disliked – of the City's takeover tacticians. With his shrewd financial flair he invested personally in several Morgan client companies. Although this attracted comment, the investments were proper and approved by Morgan. He helped propel Morgan to the top of the City's much-watched corporate finance league where this year it notched up 47 deals with a total value of £13.5bn.

But recently, Mr Seelig had begun to turn into a liability. Increasingly, his highly controversial style brought Morgan unwelcome publicity, particularly over Guinness. Morgan emphasised last night that his resignation was connected with his handling of the Guinness bid, and was not related to any personal share transactions.

Morgan's extraordinary success in the takeover business was due to a combination of its senior management's willingness to give talented individuals a long leash, and the bank's readiness to challenge and probe all the City's conventions and regulations. Mr Christopher Reeves, the chief executive (who was not available for comment last night), said earlier this year: "Merchant banking is all about innovation... We must not believe that rules are written in tablets of stone."

That policy had already brought Morgan a dressing down by the Bank of England and the Takeover Panel, though Morgan's response was usually to go back into the attack with its customary vigour, only from a different direction.

Now, however, that may change after all the deeply humiliating experiences of the last few weeks – the Geoffrey Collier insider trading affair, the row over Guinness and now the resignation of Mr Seelig – Morgan wears a cowed and battered look. Its ability to arrange deals discreetly and efficiently – the key to successful merchant banking – is under question. Staff morale is slipping, and the stock market has knocked another 5 per cent off its share price this week.

There is no evidence yet that Morgan has actually begun to lose business. But in the hotly competitive corporate finance world, its rivals will not be slow to exploit these setbacks. For a bank which relies heavily on corporate finance fees for its profits, that could be serious.

But if Morgan has paid a price for its pugnacity, yesterday's events are certain to pour cold water on the whole City takeover scene. It would take a bold merchant bank now to use any but the most tried and tested tactics in a takeover battle, and that could provide some welcome fall-out from the affair.

Macmillan: Great political mastery masked by an amateur facade

David Watt looks back at the career of one of Britain's most successful post-war Premiers. Although he reached the top too late, given his Edwardian background, he paved the way for the country's entry to the European Community

OF BRITISH Prime Ministers since the war the two most successful, by common consent, have been Clement Attlee and Harold Macmillan. They were very different personalities and each had highly idiosyncratic virtues and faults. But they had this in common—that both were highly deceptive characters who achieved quite radical results under a stylistic camouflage of deep traditionalism. Both, too, gained their chief political impetus from the searing experience of the Flanders trenches in the First World War. It was Attlee's good fortune to attain the Premiership at an age and at a moment in history when his radicalism was relevant; it was Macmillan's bad luck to reach the top of the greasy pole just too late.

Harold Macmillan's principal achievement as Prime Minister was to have presided over the final dissolution of the British Empire in such a way that Britain felt none of the political convulsions that contemporaneously shook France. He can also be said to have set Britain on the post-imperial path by applying to join the EEC and though this enterprise came to grief as a result of General de Gaulle's veto it is doubtful whether the subsequent success of Mr Edward Heath and Mr Harold Wilson in their Common Market negotiations would have been possible without him.

Neither of these achievements could have been brought off without great political art and, in particular, mastery over the Conservative Party. This last was only possible as a result of another feat—the restoration of Conservative unity after Suez, a feat for which his party eventually repaid him in pretty shoddy coin.

Macmillan's failures can mostly be put down to the fact that he did not become Prime Minister until he was 62. By that time the experiences which had moulded his mind were rapidly becoming less relevant and his ability to adjust to new circumstances was becoming impaired. The young Conservative rebel of the 1920s, burning at the injustice of unemployment in his Stockton constituency, became the "expansion-at-all-costs" Prime Minister of the late 1950s.

He was responsible, with Selwyn Lloyd, for the introduction of a rudimentary incomes policy but, he never really understood the new dangers of inflation. The slogan "you never had it so good," while admittedly torn out of context by his opponents, was an effective weapon against him because it reflected a certain worldly over-optimism in his political style.

His foreign policy also suffered from imperfect analogy with the past. Here the dominating experience of his life was his brilliantly successful period as British Minister in Algiers from 1942 until the end of the war. The lesson he learnt was that Britain could get pretty much her own way by dint of tactful handling of the Americans—a lesson later dignified by Macmillan with the characteristic historical flourish: "Britain can be to America what Greece was to Rome."

The application of this principle served him in good stead in restoring relations with President Eisenhower after Suez. But it probably led him astray later on. The Nassau agreement of 1962 which gave Britain the Polaris missile was at once a vindication of Macmillan's strategy and a condemnation of it. His emotional appeal to the young President Kennedy prolonged the life of the British deterrent, but it was at odds with the realism of the retreat from Africa and the aspiration to work through the EEC as a part, but no more, of one of the two pillars of the Atlantic alliance.

Macmillan's age told against him in a less definable but possibly still more important fashion during the last three years he was Prime Minister. The elaborate amateur facade, the Edwardian mannerisms, the throw-away realism which had made the character of Super-Mac so effective from 1956 to 1959, bored and even irritated a public which, after 1960, began to feel the need for something more dynamic, more classless and more purposeful.

Macmillan undoubtedly used his Edwardian persona quite deliberately (not for nothing was he called "the old entertainer") but it also reflected a basically 19th century High Tory paternalism in Macmillan's make-up. It was he, after all, who said that "if people want a sense of moral purpose they should go to their archbishops for it." The Profumo affair, which was more or less the last straw for him, would not have been nearly so damaging if it had not highlighted what was felt to be the anachronism of the Macmillan style.

Yet there is no doubt that he was an enormously able Prime Minister. His administrative ability was abundantly proved at the Ministry of Housing where he had been side-tracked by Churchill in 1951 but where he scored a resounding success. His ability to handle men and great affairs had been sharpened and tested in north Africa. His energy and tenacity and cunning, though carefully concealed, were never in question. His will, which many doubted in his younger days, had been hardened by war and perhaps by domestic unhappiness.

Over and above these essential elements of high competence he also possessed some qualities of another dimension —a deep historical sense, nourished by much reading throughout his life; a romantic sympathy deriving perhaps from his Highland forebears; and an unmistakable sense of style.

Maurice Harold Macmillan was born in London on February 10 1894, the youngest of three sons of M. C. Macmillan and Helen Belles Macmillan. His mother came from Spencer, Indiana, a fact which he was able to use to good effect in his relations with the American Government while his father was head of the Macmillan publishing house—a firm which his son later joined and which provided the financial security for his political career.

Harold Macmillan was educated at Eton, where he was a scholar, and Balliol College, Oxford, where his successful progress through the schools was interrupted by the outbreak of World War One. He was badly wounded at the Somme in 1916 and limped as a result for the rest of his life. In 1919 he went to Canada as ADC to the governor general, the Duke of Devonshire, and there became engaged to the Duke's daughter, Lady Dorothy Cavendish, whom he married in 1920.

He stood as Conservative candidate for Stockton-on-Tees in the general election of December, 1923, when he lost to a Liberal in a close fight. The next general election in October, 1924, however, brought him to Westminster and he remained MP for Stockton, with a two-year break for 1929-31, for the next 21 years.

In the House of Commons he rapidly gained the reputation of a rebel. With other young Conservatives such as Robert Boothby and Oliver Stanley he espoused planning and Keynesian economics as the best antidote to the slump. On foreign affairs he opposed appeasement and actually resigned the Conservative Whip for a year in 1936 in protest against the abandonment of sanctions against Italy. In the famous Oxford by-election of October, 1938, he supported the Independent Socialist candidate (the Master of Balliol) against the official Conservative candidate, Quintin Hogg (later Lord Hailsham).

After such a beginning it was not surprising that he was not given office under Baldwin or Chamberlain. Churchill appointed him Junior Minister at the Ministry of Supply, where he worked under Herbert Morrison and later under Lord Beaverbrook.

The latter experience was one where, he acknowledged, he learned much. It is doubtful, however, whether he would have emerged from the ruck if he had not been spotted by that extraordinary judge of men, Brendan Bracken, then Churchill's PPS, who pressed Macmillan's claims to the key post of Minister in Algiers when two other obviously more eligible candidates had turned it down.

In North Africa, and subsequently in Italy, Macmillan's task was extraordinarily delicate. He had first to resolve the appalling internecine struggle between General de Gaulle and General Giraud for the control of the legitimacy of the French State.

Subsequently there were Anglo-American tensions to be eased and the problem of the post-war political settlement in Italy and Greece to be tackled. Macmillan showed unsuspected political genius in these roles and by the end of the war was arguably the most influential individual in the entire Mediterranean theatre.

Defeated at Stockton in the August 1945 election Macmillan was rapidly readopted for Bromley and re-entered the House in November. He made no particular impact in Opposition, however, and was only offered the Ministry of Housing in 1951. His decision to accept this apparently humiliating task was a turning point in his career, for it convinced the Conservative Establishment of his ability to get things done.

At the end of the Churchill era he was rewarded with the Ministry of Defence but on Eden's succession, six months later, he was moved to the Foreign Office and again, after only nine months, to the Treasury. He had only time to introduce one Budget (of which Premium Bonds were the only memorable item) before the Suez crisis supervened.

Macmillan's role at Suez was undoubtedly an ambiguous one. At the outset he was in favour of vigorous action but it was he who effectively brought the operation to a halt when he told his colleagues that it was not financially viable in view of American opposition. His critics complained, with some justice, that he should have seen this earlier and that the "robustness" which caused him to be preferred to the more equivocal Butler in the subsequent race for the Prime Ministership was misguided if not actually spurious.

His own defence against this charge was that there was no way of knowing the depth of American opposition at the start and that he had acted with consistency and honour within the normal human limits. A longer historical perspective is probably required to resolve the question but there is no doubt that Suez made Macmillan and destroyed Butler.

Outside his strictly political activities Macmillan showed the temperament of a scholarly gentleman of the old school. He liked classical allusions and the novels of Anthony Trollope. He read in German and French and the languages of antiquity for pleasure. He took a shrewd interest in the affairs of his family firm.

There was also, it must be said, the touch of the "Scotsman on the make" about him, and the grandeur of his connections by marriage and the pleasures of the grouse moor and the dining club obviously gave him satisfaction.

He was not a great orator but he was a superb actor and played the part of the weary Titan and the elder statesman to particular perfection.

It was partly, no doubt, to satisfy this side of himself that he finally took his Prime Ministerial earldom more than 20 years after leaving office.

Of all the parts that he played the one that fitted him best—perhaps even better than the Prime Ministership—was that of Chancellor of Oxford University. Here his distinction, his learning, and his courteous malice found full play, and the functions of that office were the solace of a retirement which might otherwise have contained a touch of bitterness

This article is reprinted from yesterday's later editions.

The Earl of Stockton: "He was not a great orator but he was a superb actor and played the part of the elder statesman to perfection."

New Year Honours for politics and industry

Mr Geoffrey Pattie *Privy Counsellor* — **Dr Keith Bright** *Knight* — **Mr Mark Weinberg** *Knight* — **Mr Robin Leigh-Pemberton** *Privy Counsellor* — **Mr Robert Evans** *CBE* — **Mr David Scholey** *Knight* — **Sir Woodrow Wyatt** *Baron* — **Mr Alex Fletcher** *Knight* — **Sir Terence Beckett** *KBE* — **Mr Barney Hayhoe** *Knight*

PEOPLE IN politics, the financial world, industry, commerce and the civil service, are among those recognised in the New Year Honours List. Well-known personalities in the media, the arts, sport and science also receive awards.

Two barons (life peers) have been created, and three privy counsellors are appointed. Two Companions of Honour, 28 knights bachelor, one Knight Commander of the Order of the Bath, and four Dame Commanders of the Order of the British Empire have been named.

LIFE PEERS

Barons

Field Marshal Sir Edwin Bramall, Lord Lieutenant of Greater London and former Chief of Defence Staff.

Sir Woodrow Wyatt, chairman, Horserace Totalisator Board.

PRIVY COUNSELLORS

Mr Geoffrey Edwin Pattie, Minister of State, Department of Trade and Industry (MP, Chertsey and Walton).

Mr Robin Leigh-Pemberton, Governor, Bank of England.

Mr David Charles Waddington, Minister of State, Home Office (MP, Ribble Valley).

ORDER OF THE COMPANIONS OF HONOUR

Mr Sydney Brenner, for services to molecular biology.

Sir John Newenham Summerson, for services to the history of architecture.

KNIGHTS

Mr John Derek Alun-Jones, managing director, Ferranti, for services to export.

Mr Bernard Albert Ashley, chairman, Laura Ashley.

Mr William Jeffrey Benson, chairman, Export Guarantees Advisory Council, for services to export.

Mr Peter Spencer Bowness, for political and public service, London Residuary Body.

Mr Zachry Brierley, for political and public service, chairman, Z. Brierley.

Dr Keith Bright, chairman and chief executive, London Regional Transport.

Mr John Harrison Burnett, principal and vice-chancellor, University of Edinburgh.

Mr Albert Raymond Maillard Carr, historian.

Mr Peter Maxwell Davies, composer.

Professor Eric James Denton, for services to marine biology.

Mr John Alexander Dick, lately Sheriff Principal, Glasgow and Strathkelvin.

Professor Herbert Livingston Duthie, provost, University of Wales College of Medicine.

Mr Robert Grieve (Robin) Duthie, chairman, Scottish Development Agency.

Mr Arnold Elton, for political and public service, consultant surgeon.

Mr Alexander MacPherson Fletcher, for political service (MP, Edinburgh Central).

Mr Francis Ross (Frank) Gibb, chairman and chief executive, Taylor Woodrow Group.

Mr Peter Alfred Graham, chairman, Crown Agents.

Mr Robert Louis Hargroves, for political service.

Mr Bernard John (Barney) Hayhoe, for political service (MP, Brentford and Isleworth).

Mr Dennis Marcus Landau, chief executive, Co-operative Wholesale Society.

Mr John Roger Lovill, lately chairman, Association of County Councils.

Mr (David) Carol (Macdonell) Mather, for political service (MP, Esher).

Mr Peter Anthony Newsam, chairman, Commission for Racial Equality.

Mr David Gerald Scholey, chairman, Mercury International Group.

Mr John Marks Templeton, for charitable services.

Mr David John Weatherall, Nuffield Professor of Clinical Medicine, University of Oxford.

Mr Mark Aubrey Weinberg, lately chairman, Marketing of Investments Board Organising Committee.

Mr Robert Donald Wilson, chairman, Mersey Regional Health Authority.

ORDER OF THE BATH

KCB

Mr (Andrew) Gordon Manzie, second permanent secretary and chief executive, Property Services Agency.

CB

Mr Albert Fallows, chief valuer, Board of Inland Revenue.

Mr Robert Fellowes, deputy private secretary to the Queen.

Mr Loudon Hamilton, secretary, Department of Agriculture and Fisheries for Scotland.

Mr Graham Hart, deputy secretary, Department of Health and Social Security.

Mr Gerald Hosker, deputy Treasury Solicitor.

Mr John Richard Jameson, lately under secretary, Department of Education and Science.

Mr Garth J. Jenkins, legal adviser, Ministry of Agriculture, Fisheries and Food.

Mr John A. Johnson, Foreign and Commonwealth Office.

Miss Joan Kelley, under secretary, Treasury.

Mr John L. Kilgour, director, prison medical service, prison department, Home Office.

Mr Michael C. Neale, assistant under secretary, Ministry of Defence.

Mr John D. Rimington, director general, Health and Safety Executive.

Mr Oscar Roith, chief engineer and scientist, Department of Trade and Industry.

Mr James M. Tudhope, regional procurator fiscal, Glasgow and Strathkelvin.

Mr Reginald G. H. Watson, director, Building Research Establishment, Department of the Environment.

Mr Ronald Weston, under secretary, Board of Customs and Excise.

ORDER OF ST MICHAEL AND ST GEORGE

CMG

Mr John Lewis Roberts, assistant under secretary, Ministry of Defence.

ORDER OF THE BRITISH EMPIRE

DBE

Mrs Penelope Jessel, for political service to the Liberal Party.

Miss Iris Murdoch, novelist.

Mrs Simone Ruth Prendergast, for political and public service.

Miss Sheila Margaret Imelda Quinn, lately president, Royal College of Nursing.

KBE

Sir Terence Norman Beckett, lately director general, Confederation of British Industry.

Robert Andrew, Viscount Caldecote, chairman, Investors in Industry Group.

Professor Richard Oswald Chandler Norman, chief scientific adviser, Ministry of Defence.

Professor Sir (Henry) Peter (Francis) Swinnerton-Dyer, chairman, University Grants Committee.

CBE

Mr A. V. Alexander, director, Sedgwick Group.

Mr P. W. Allsebrook, chairman, TNT (UK).

Mr Alan Ayckbourn, playwright.

Mr J. D. F. Barnes, chairman, Pharmaceuticals Economic Development Committee.

Mr J. G. Bell, chairman and managing director, Richards (Shipbuilders).

Professor P. M. Biggs, director, Houghton Poultry Research Station, Huntingdon.

Mr J. M. Boyd, for services to the conservation of the natural environment in Scotland.

Mr F. G. Brook-Shepherd, author and journalist, lately chief assistant editor, Sunday Telegraph.

Mr J. L. Broome, chief executive, Alton Towers.

Mr Paul Eddington, actor.

Mr S. G. G. Clarke, for services to the newspaper industry.

Mr M. G. Compton, keeper of museum services, Tate Gallery.

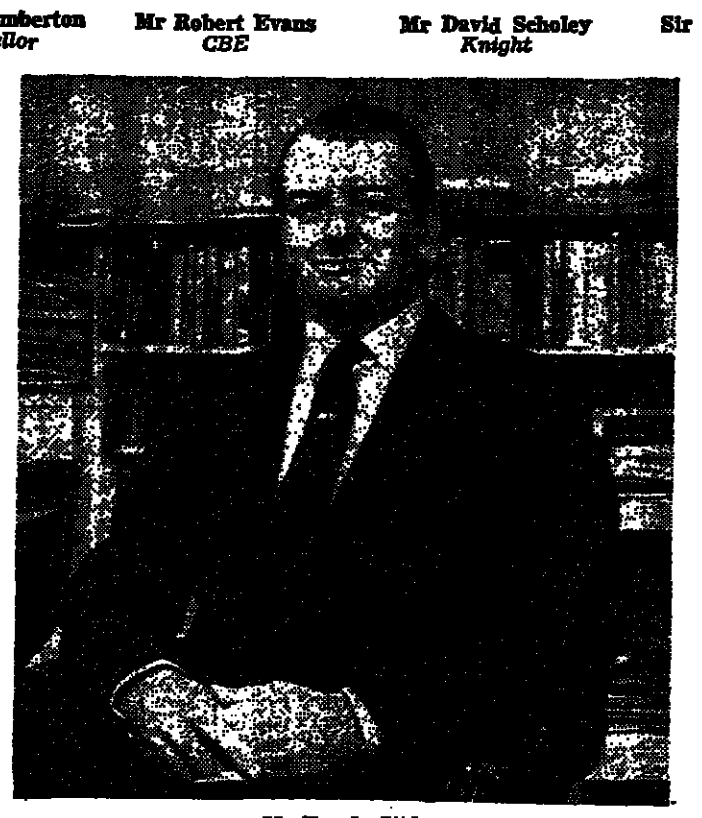
Professor R. J. Cramp, commissioner, Historic Buildings and Monuments Commission for England.

Mr J. H. Crouch, lately director, marketing, Cable and Wireless.

Mr E. H. Cullinan, senior partner, Edward Cullinan Architects.

Mr A. J. Dewhirst, chairman and chief executive, I. J. Dewhirst Holdings.

Mr W. B. Dunn, managing director, British Wool Marketing Board.



Mr Frank Gibb
Knight

Mr R. Evans, chief executive, British Gas.

Mr P. Firmston-Williams, chairman, Covent Garden Market Authority.

Professor M. J. Hampshire, chairman, department of electronic and electrical engineering, University of Salford.

Mr A. G. Hatchett, deputy chairman, Peninsular & Oriental Containers.

Mr Nigel Hawthorne, actor.

Mr R. S. Hope, lately director, Marine Society.

Mr J. H. Hoss, for services to the agricultural industry.

Mr F. M. Jefford, director, National Audit Office.

Mr J. E. Jones, chairman, Welsh Water Authority.

Mr D. A. Larkins, chairman, Lansing.

Mr J. Lyles, chairman and chief executive, S. Lyles.

Professor A. G. J. Macfarlane, for services to engineering.

Mr K. L. Maidment, president, British Film and Television Producers Association.

Mr G. A. Marr, chairman, J. Marr and Son.

Mr B. J. McMaster, general administrator, Welsh National Opera.

Mr J. L. Millar, managing director, William Low and Company.

Mr J. C. Nicholson, deputy controller of audit, Audit Commission for Local Authorities in England and Wales.

Mr G. M. Nissen, former deputy chairman of the Stock Exchange, chairman of its Disciplinary Committee and a director of Morgan Grenfell.

Mr J. H. Northard, operations director, British Coal.

Mr R. S. O'Brien, chief executive, Business in the Community.

Mr T. B. Owen, managing director, Remploy.

Mr A. M. Rankin, group chief executive, Scottish and Newcastle Breweries.

Mr Simon Rattle, conductor.

Mr O. J. Rich, deputy chairman, Alfred McAlpine.

Mr D. G. M. Roberts, senior partner John Taylor and Sons.

Mr V. A. B. Rogers, corporate technical staff director Westland.

Mr E. P. T. Roney, chief commoner, City of London.

Mr W. G. Runciman, chairman, Walter Runciman.

Mr W. Stapleton, lately director, National Association of Waste Disposal Contractors.

Mr N. S. Thornton-Kemsley, chairman, board of governors, North of Scotland College of Agriculture.

Mr L. van Praag, chairman, Sabre International Textiles.

Mr G. O. Whitehead, lately chairman, Laing Mowlem, ARC Joint Venture, which built the Falklands airport.

Mr W. L. Wilkinson, director, spent fuel management services, British Nuclear Fuels.

Mr Frank Williams, managing director, Williams Grand Prix Engineering.

Mr H. C. Woolley, consultant, BICC.

OBE

Mr G. Adam, senior executive, export group, Marks and Spencer, for services to export.

Professor S. S. Adams, research and development co-ordinator, The Boots Co.

Mr A. M. Adye, director, marine technology directorate, Science Engineering Research Council.

Mr P. J. S. Allington, director operations, electronics systems and equipment division, Bracknell, British Aerospace.

Mr A. A. Arbuckle, for services to agriculture in Scotland.

Mr D. C. Austin, marine business manager, Rolls-Royce.

Mr S. Baker, lately managing director, British Electricity International.

Mr H. B. Bassett, director, international consultancy service, British Gas.

Mr A. F. Brown, manager, Belfast, Marks and Spencer.

Mr J. Brown, co-leader, Royal Opera House orchestra.

Mr A. Bullen, executive director, Orkney Islands Shipping Co.

Mr J. T. Carter, managing director, Darlington and Simpson Rolling Mills.

Mr P. Charlton, chief general manager, group central executive, Trustee Savings Bank.

Mr Graham Collier, jazz musician and composer.

Mr J. R. Crook, lately director, Ross Foods.

Mr Terence Cuneo, artist.

Mr C. J. J. Davies, lately area director, South Wales British Coal.

Mr M. M. Duncan, chief executive, City of Edinburgh District Council.

Mr H. A. Ennis, chairman and managing director, Boxmore International.

Mr P. Fairclough, managing director and chief executive, Castrol.

Mr T. P. Flanagan, managing director, Sira.

Mr E. D. Fountain, director, public affairs, Vauxhall Motors.

Mr J. Gale, director, Chichester Festival Theatre.

Mr A. Geiringer, chairman and managing director, Universal News Services.

Miss Mary Goldring, for services to economic journalism and broadcasting.

Mr M. S. Goodfellow, flight operations executive, civil aircraft division, Hatfield, British Aerospace.

Mr G. M. R. Graham, group managing director, BIS Group.

Mr D. W. Hart, chief resident engineer, W. S. Atkins and Partners.

Miss Joan Hassall, designer, wood-engraver, illustrator.

Mr L. K. Howarth, managing director, Cambeltown Shipyard.

Mr W. Ibbotson, lately transport and safety co-ordinator, Albright and Wilson.

Mr Pat Jennings, for services to Association Football, particularly Northern Ireland.

Mrs S. E. Kilpatrick, secretary, Milk Marketing Board, England and Wales.

Mr N. F. W. King, managing director, R.S. Components, for services to export.

Mr J. K. Lyden, administrative director, Shotton Paper Mills.

Mr J. S. Mackenzie, chairman, visitors division, 1986 Commonwealth Games.

Mr E. D. Mackie, managing director, Govan Shipbuilders.

Mr J. R. Massey, group chairman and chief executive, Sigmex International.

Mr A. D. Montgomery, group export director, Stoddard Holdings, for services to export.

Mr B. P. Moss, chief executive, Nu-Aire.

Mr Richard Palmer, for services to sport.

Mr N. Parker, chairman, British Rolling Mills and deputy chairman, British Bright Bar.

Mr J. L. Pickard, assistant marketing director, central marketing, Marconi Radar Systems, for services to export.

Mr R. W. Ramsdale, lately chairman, Maynards, for services to the confectionery industry.

Mr Keith Renshaw, lobby correspondent, Sunday Express.

Mr A. S. Road, consultant, committee for Middle East Trade, British Overseas Trade board, for services to export.

Mr A. W. Rudge, managing director, ERA Technology.

Mr J. B. Scott-Wilson, divisional technical director, civil aircraft division, Hatfield, British Aerospace.

Mr Derek Stroud, singer.

MBE

Mr R. B. Attenburrow, managing director, Dobson and Crowther.

Mr R. J. Balmer, chief designer, military aircraft division, Kingston-upon-Thames, British Aerospace.

Mr Derek Bell, for services to motor racing.

Mrs E. Bertram, director and company secretary, Bertram Books.

Mr A. R. Bisset, chairman, Dal Guerra.

Mr P. A. Bown, chairman and chief executive, Brushes International.

Mr M. Briggs, director, Middlemass.

Mr D. J. Buckle, district secretary Oxford, Transport and General Workers' Union.

Mr D. W. Burleigh, technical director, Byfleet factory, Britax Excelsior.

Mr B. E. Chapman, chairman, Albert E. Chapman and Co.

Mr J. S. Clark, managing director, London Car Telephones.

Mr A. P. Connolly, managing director, Interroll.

Mr R. Dove, chief superintendent, Trinity House.

Mr E. D. Edwards, group environmental officer, Burmah Oil Trading.

Mr James F. Elms, secretary, English Bowling Association.

Mr E. Forrest, chairman, Acorn Enterprises.

Mr R. O. Fyson, chairman and technical director, C. J. R. Fyson and Son.

Mr C. I. Henderson, head of advanced medical linear accelerator development, MEL.

Mr J. C. Henderson, lately director, Wood Lithgow, Lerwick.

Mr Stanley Hodgson, for services to rugby football.

Mr S. Kelley, plant manager, Southampton, Ford Motor Co.

Mr Sandy Lyle, golfer.

Mr A. S. F. Mair, managing director, Caithness Glass, for services to export.

Mr R. M. McCleery, secretary, British Film Fund Agency.

Mr J. Monks, senior technologist, sections and commercial steels, British Steel Corporation.

Mr R. M. Nicholson, assistant works director, Londonderry, Du Pont (UK).

Mr J. H. Panton, partner, Panton and Smart.

Mr R. A. Perry, apprentice training manager, Springfields, British Nuclear Fuels.

Mrs B. M. Prestt, director, Centre for Industry, Science, Technology Education Liaison, for services to Industry Year.

Mr M. J. Richardson, lately chairman, Joint Consultative Council for the Meat Trade.

Mr J. A. (Hamish) Robertson, lately managing director, J. A. Robertson and Sons (Dumfries).

Mr A. Sandler, lately chairman, Licensed Taxi Drivers' Association.

Mr J. Shelmerdine, manager, Mossley Mill, northern spinning division, Courtaulds.

Mr A. W. A. Smith, lately president, Aluminium Window Association.

Mr J. Staples, managing director, M. K. Skates.

Mr M. Swingler, managing director, Moorlite Electrical.

Mr F. J. Thrower, design director, Dartington Glass.

Mr P. K. Timms, chairman and managing director, Flexible Technology, Rothesay.

Mr R. G. Turner, chief engineer, Marconi Space Systems.

Mr D. L. V. Woodham, chairman, Woodham Brothers.

Mr D. T. Young, group manager, fleet personnel, The Peninsular and Oriental Steam Navigation Company.

THE ARTS

Television in 1986/Christopher Dunkley

A memorable year for the BBC

In 1987 Michael Gambon, one of the best actors in Britain, will appear in *A View From The Bridge* at the National Theatre. Several thousand people—possibly even tens of thousands—will attend. Good or bad, the production will have much written and spoken about it. Large companies will buy seats for the entertainment of foreign visitors. The fact that each seat, costing many pounds, will have to be subsidised will not cause much worry, nor will the fact that the play is 30 years old, was written by an American, and has been performed many times before.

Members of the cultural establishment, whether on the Arts Council, in the political weeklies, or anywhere else, will know about the production and will discuss it. If it is good, tickets will be hard to get and a virtuous circle of scarcity and talk, talk and scarcity will give rise to the sort of celebrity status currently enjoyed by *Les Liaisons Dangereuses*.

At the end of 1986 Michael Gambon gave an astounding performance in *The Singing Detective*, an original six-part drama written for television by Dennis Potter. About eight million people watched each episode of this brilliantly original work, material of a sort which has not been equalled anywhere else in the world. The cost to each viewer was negligible; a few pennies at most. The cultural establishment ignored it, the political weeklies scarcely acknowledged its existence, and the organisation which had the guts, the vision, and the talent to produce it—the BBC of course—spent 1986 suffering a succession of attacks from the government and the Conservative Party.

By year's end, with the Prime Minister herself chairing the joint committee of the Home Office and Department of Trade to discuss the future of broadcasting, it seemed pretty clear that the Thatcherites would be only too happy to see the BBC driven to the margins of the broadcasting business and reduced to the status of infillers, merely stuffing the gaps between the profit-making programmes turned out by commercial companies.

Over the years we have grown used to the philistine attitude of top-ranking politicians, whatever the flavour of their politics. You might have thought, however, that even if the Thatcher faction had no feelings for the arts and culture, their patriotism and hard-nosed monetary policies would make them value British television very highly indeed. In the late 'eighties how many other British industries can claim to set standards acknowledged by other countries as the highest in the world for both technique and content; to be expanding already and preparing for more rapid expansion; and to be providing a service to the public which is liked so much that Britons spend, on average, 27 hours a week with it?

Of course there was, once again, a lot of rubbishy material produced by the television industry in 1986, just as there was by the newspaper, music and book industries but it is some indication of the virility of television that even when a year is as packed as 1986 was with newsworthy events—the appearance of the Peacock Report, Norman Tebbit accusing the BBC of "uncritical carriage of Libyan propaganda," BBC Television's 50th birthday and the awarding of a licence for a new television service delivering five channels direct from satellite—it is still the excellence of so many of the programmes which seems most memorable.

In programme terms it was a particularly good year for the BBC. Not only did they follow up their 1985 triumph with *Edge Of Darkness* by once again producing the year's best drama serial in *The Singing Detective*, they were also responsible for much the larger part of the other outstanding drama during the year. Some of it was utterly conventional: BBC2's excellent adaptation of Kingsley Amis's *That Uncertain Feeling*, for instance, with Denis Lawson and Sheila Gish as the adulterous couple at the centre of a web of Welsh provincialism; or at the other end of the year the single drama *Past Caring*, with marvellous ensemble acting from Denholm Elliott, Connie Booth, Emlyn Williams and Joan Greenwood as the inhabitants of an old people's home.

Michael Gambon in "The Singing Detective"

But there was also a heartening amount of drama falling outside the boundaries of naturalism which — until 1985 (it was again *Edge Of Darkness* with its ghost, which was the harbinger) — seemed to have enclosed television drama entirely. This year we have seen all sorts of fascinating forays into non-naturalism, in both technique and content. *Dead Head* (BBC again) had a pretty poor script but some exciting stylised direction and camera-work which made Britain look like a highly coloured version of da Sica's Italy or Godard's France. In *The Life And Loves Of A She Devil* (BBC2) we had devilish red eyes and a script so far-fetched as to be quite obviously unrealistic. And *Smart Money* (BBC1) exploited the grammar of the pop video and the images of computer games to tell its story of teenagers hacking into the Stock Exchange computer. The best single drama of the year, however, was *The Insurance Man* (BBC2) a work in which Alan Bennett pretended to be writing about Kafka and actually wrote, once again, about the self-serving cosiness of office life.

Unusually one of the most impressive drama offerings of the year, and of the decade, came from abroad: *Heimat*, from Germany. Even this was shown by the BBC. In 11 captivating episodes it told the story of a German rural community, spanning 63 years from 1919 to 1982. Watching it was a unique experience, more powerful — and for me more important — than seeing *Nicholas Nickleby* in the theatre or reading any single book.

The drama which created the greatest furore, some of it inspired again by hostility towards the BBC, was *The Monocled Mutineer*, an over-stretched serial about a First World War mutiny. The BBC made one crucial mistake when they described it in a full-page national newspaper campaign as a "true-life story." The most significant dramas to come from ITV in 1986 were Granada's *Lost Empires* which did a splendid job of evoking the world of Edwardian music hall, and *Paradise Postponed* from Thames, though this post-war saga by John Mortimer never quite lived up to its promise.

The year's best comedy also emerged from the BBC drama department: *A Very Peculiar Practice* in which Andrew Davies showed us a group medical practice on an English university campus where conditions reminded you by turns of Beirut and a banana republic. British situation comedy continued to jog slowly in circles as it has for some years, and the Americans continued to set the pace, though scarcely the most lively we have ever seen. *The Golden Girls* on Channel 4 was the best sitcom of the year and, as so often with previous series (*Till Death Us Do Part, All In The Family, Soap*) what counted was a willingness to deal head-on with contemporary social issues, this time feminism and ageing populations.

However, if comedy was in a trough, royalty — television's other great favourite — was on a peak. The Queen's 60th birthday in April produced an orgy of coverage which, despite the fervour of its adulation, proved to be only a dress rehearsal for the main performance: the splicing of Andy and Fergie in July. This event, covered of course by both BBC and ITV, seems to have attracted a British audience of about 23m. Yet ironically the best programmes by far about the British royal family in 1986 proved to be German. *Royalty*, which was shown on Channel 4, did what British television has, astoundingly, never done: shown, in a series of documentaries, the British royal family means constitutionally, historically and socially.

Other memorable documentary series included BBC2's *Comrades* which straddled 1985 and 1986 and told us a remarkable amount about the lives of the Russians; *The English Language*, also on BBC2, whose opening episode was so strong that few of the others managed to live up to it; and *Sweat of the Sun, Tears of the Moon* in which Jack Pizzey quartered South America reporting on everything from the train system to the smoking of cocaine. This too was shown on BBC2 though it was an Australian production.

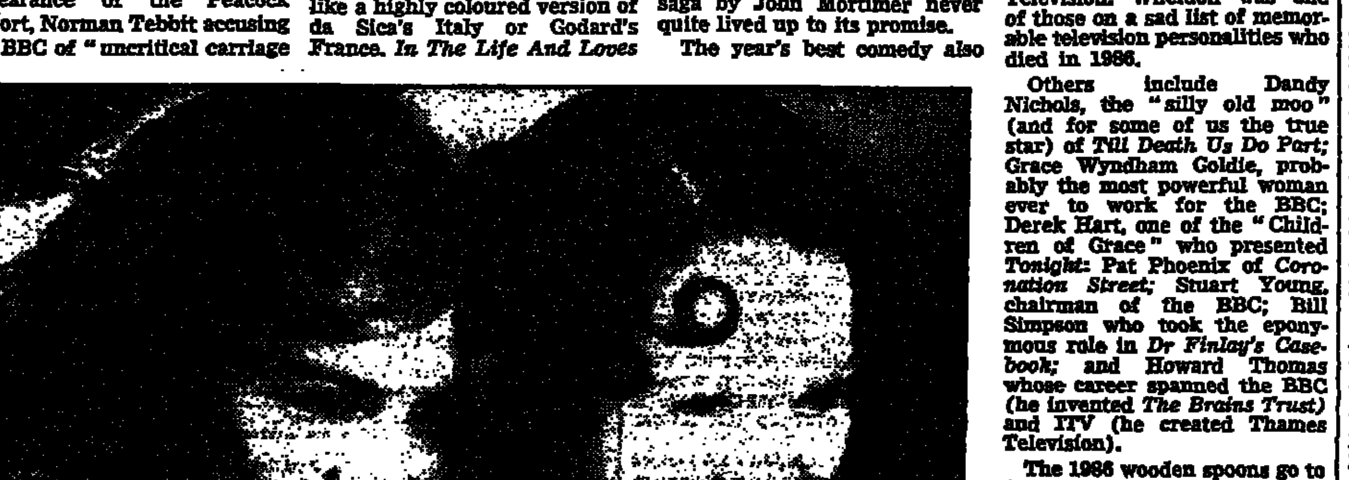
In the area of current affairs, *This Week* was returned to us as the first action of David Elstein who abandoned his role as a leading independent producer to return to his old company, Thames, as programme controller. Any prize for originality in this category would have to go to Channel 4's *The New Enlightenment* which both explored and espoused a specific political philosophy and one, moreover, which could only be described as right wing: an unprecedented phenomenon in at least two fundamental respects.

As the year ends the two most promising series are *Equinox*—Channel 4 again—which is dealing with science and technology in a way that is neither condescending nor incomprehensible; and Granada's mammoth long-term undertaking *Man And Music* which could turn out, in the end, to be as significant as *Civilisation*.

Though famous for being presented by Kenneth Clark, *Civilisation* was also one of the jewels in the crown of Sir Huw Wheldon, the greatest actor/manager figure ever to have been responsible for BBC Television. Wheldon was one of those on a sad list of memorable television personalities who died in 1986.

Others include Dandy Nichols, the "silly old moo" (and for some of us the true star) of *Till Death Us Do Part*; Grace Wyndham Goldie, probably the most powerful woman ever to work for the BBC; Derek Hart, one of the "Children of Grace" who presented *Tonight*; Pat Phoenix of *Coronation Street*; Stuart Young, chairman of the BBC; Bill Simpson who took the eponymous role in *Dr Finlay's Casebook*; and Howard Thomas whose career spanned the BBC (he invented *The Brains Trust*) and ITV (he created Thames Television).

The 1986 wooden spoons go to *Scott Free* for its embarrassingly stilted scripts; *World Cup 86* for its embarrassing hype; and *Joan Rivers: Can We Talk* for embarrassment plain and simple. But what do those sort of flops matter in a year which has brought us *Heimat* and — the most inventive, engrossing and superbly well acted piece of work that I can remember seeing in any medium — *The Singing Detective*? Not at all.



Marita Breuer and Karin Kienzler in "Heimat"

Philip Langridge and Marie Angel in "The Mask of Orpheus" and Jeffrey Lawton in "Otello"

Opera in 1986/Max Loppert

Thrills abound against all odds

The good news of 1986 is that opera continued to be one of the things this country is capable of doing really well. The obstacles to the realisation of that capability are great, and growing greater all the time—and the attitude of the current Government toward public subsidy of the Arts is perhaps the greatest of the lot. Yet at least four events in different parts of the island brought that thrill of electricity that only seems to be generated when work, performance, time and place chime in a new and specially revelatory way.

Three of these were company shows, and the companies were (and are) operating on shoestring resources—different shoestrings. The first was a new opera, Birtwistle's *Mask of Orpheus*, by English National Opera; the second was a classic, *Verdi's Otello*, by Welsh National Opera; the third was the first part of the Berlioz epic, *The Trojans*, by Opera North. And the fourth—by a festival, Glyndebourne, independent of public subsidy—was the year's great feat of rediscovery, *Porgy and Bess*. To these go my own bouquets of 1986.

The bad news, of course, is money. Let us briefly remind ourselves that 1986 was the year in which the Government, having planned to ladle it out wherever future votes might be garnered, contented itself with the widely-held perception that no votes were ever won by supporting the Arts. In a brilliantly calculated gesture of philistine contempt, the Arts Council request of a 1987-88 grant of £164m—and more particularly its absolute-minimum figure of £140m—was answered with £137.5m. There's the smack of firm government; that's shown those whingeing, eternally unsatisfied artists who's really in charge!

We learnt in the weeks before Christmas that of the four national companies only ENO would receive a small percentage rise (which, in the light of rising costs, actually counts as a reduction). The National and the RSC are frozen at previous levels; and as for the Royal Opera—there has so far been no announcement at all. In view of the fact that the Royal Opera House was formerly the recipient of the largest single Arts Council grant of all, this delay has already set tongues buzzing. Is the company to be dropped entirely by the Council, and left to make its way in the market place unaided?

This now seems highly unlikely (actually, it never really seemed anything other than unlikely — if the Royal Opera House lost its public subsidy, and its existence were plunged into jeopardy, where then could those Great Occasions specially beloved of the Establishment take place?). But that the possibility could ever have been mooted — and the emanation of rumours from well-placed "sources" appears to prove that it has been — must be taken as at least a hint that a couple of significant issues were circulated for discussion. The first is the recognition that withdrawal of Arts Council money from Covent Garden would send out the clearest possible signal of Arts Council protest at the continued under-funding of the arts. And the second was surely the raising of a doubt over the wisdom of continuing to support from public sources a London theatre devoted to International Opera after a year of such depressingly low overall artistic standard as the Royal Opera achieved for itself in 1986.

That it was a dire year for the Royal Opera there seems to be little dispute. I myself was off duty from early March to mid-May, and cannot pass judgment on all of it. Though all the revivals I attended suffered in varying degree from insufficient preparation, those of *Arabella* (conducted by Bernard Haitink), *Eugene Onegin* (with Thomas Allen in the title role) and the *Tales of Hoffmann* (with Samuel Ramey and Neil Shicoff) appear to have attracted some points of praise. The general rule of mediocre-to-disastrous new productions was broken, at the eleventh hour, by the Haitink-Lyubimov *Jenufa*, a brave and beautiful venture.

But when all possible extenuating circumstances have been discovered, it was a year of mishap compounded by what often looked like simple incompetence, and the result was once again to throw the whole operational principle of the house into question. It began with the cancellation of the new *Otello*; *Simon Boccanegra* came back to replace it, well sung (even without Domingo) and conducted (by Edward Downes), dismal to look at. It was followed by a desperately drab *Faust* (yet another French opera for which not a single native-tongue singer could be produced); a lacklustre *Salome*; an unspeakable "all-star" *Trovatore*; a superficial new *Midsummer Night's Dream* (borrowed, for some obscure reason, from the Aldeburgh Festival); a sensationally dreadful new *Fidelio*; and, this current season the under-rehearsed, haphazardly cast reappearances of *Flute* and *Lucia*.

Perhaps it can all just be explained away as a run of dashed bad luck, or as end-of-an-era blues now set to blow away. In July, Colin Davis ended his term of office as Royal Opera musical director; in October, Bernard Haitink began his. At the moment, Haitink is probably the conductor most widely admired in Britain. He comes into Covent Garden supported by an immense fund of public and critical goodwill (though he should remember that in this country honeymoon periods have a way of ending with a sudden bump). Two early acts of music-directorial decisiveness on his part sent waves of encouragement: the departure of the soprano unwilling to rehearse the full period of his inaugural *Jenufa*; and the sacking after opening night, reportedly at his insistence, of an inadequate Violetta in the season's opening *Traviata*.

All admirably firm and vigorous—but how much can even the most determined music director achieve against the whole system of International Opera? Those moribund performances of *Flute* and *Lucia* seemed to follow hard upon the excitements of *Jenufa* almost as a lesson-with-slides on the uphill struggle the house still has to face if any real improvement is to be effected. Novelties such as surtitles, which the house tested out on *Jenufa*, are the merest cosmetic (I detested them, but surveys carried out during performances appear to have demonstrated popular feeling of the opposite kind). The main point needs to be underlined: a system that can bring together such disparate collections of singers and conductors for such shamefully unengaged readthroughs of staples like *Faust, Trovatore*, and *Flute* is a system in its decrepitude.

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The Arts Council "increase" for the English National, lamentably small as it works out in reality, can perhaps be taken as a vote of confidence in the worth and purpose of the company. If so, rightly so. Despite the attack mounted in the *Daily Telegraph* early last month, the value of the ENO continued to deserve the most forceful recognition. If only a single entry, *The Mask of Orpheus*, could be shown in its 1986 credit ledger, that would still be enough. For this was a splendid mounting of an amazingly complex work, brought off in such a way that the magnitude of its composer and the eye-and-ear-opening originality of his dramatic vision were ample conveyed. For Philip Langridge in the work's main singing role — he later returned to the Coliseum to give a spellbinding account of the composer Zivny in Janacek's *Osud* — there could only be awestruck admiration.

But there was not only Birtwistle. I missed Busoni's *Doctor Faust*, but caught and enjoyed Jonathan Miller's odd, dry, intriguing *Magic Flute* (with Benjamin Luxon's Cornish Papageno a glorious point of warmth amid the Bibliothèque Nationale bookstacks); the imperfect but zestful new *Carl Pug*, the return of David Pountney's brilliant *Osud*. I thought the budget Rossini *Moses* a fair horror, and Pountney's rubbish-dump *Carmen* a load of, well, rubbish (the only amusement to be gained from the whole affair was the Houdini-like self-contortion of the *Spectator* critic in his attempt to justify pleasure in something so irredeemably tedious). In Voltaire fashion, I disapprove of Mr Pountney's more erratic encounters with 19th century opera, but I will defend to the death his right to have them. And that goes for the whole company.

But, rather more than in recent seasons, a discrepancy in treatment of operas gave grounds for a certain anxiety. At the ENO new productions are big, bold happenings; except when Mark Elder, the music director, was in the pit (for, say, *The Marriage of Figaro*), the quality of revivals could plunge low indeed. A company that gives the appearance of throwing on *Mary Stuart, Il trovatore, The Merry Widow* or *Aida* to serve as money-making fillers between glittering surprises needs to re-think its priorities very hard indeed.

And it was in some, not all, of these revivals that signs appeared once again of that incautious attitude to casting that has so often marred ENO ensemble presentation. The pushing of a young and greatly promising soprano like Jane Eaglen into big roles of the order of Rossini's Sinaida, Donizetti's Elizabeth, Verdi's *Trovatore* Leonora, and Santuzza—all in the space of a few months, the first three with apparently limited stylistic guidance—can hardly be called prudent.

*

My Welsh National Opera visits were limited in number last year. Luckily, one of them was the Peter Stein production of *Otello*, one of the most engrossing, serious and theatrically distinguished evenings of music-theatre it has ever been my privilege to witness. With this, and with the *Ring* cycle that WNO brought to Covent Garden (to great and justified acclaim, though I think rather too much of the singing and the staging was over-praised in certain quarters), Richard Armstrong brought to a noble close his period as chief conductor. Still feeling his way towards a complete command of the Wagnerian cycle, Mr Armstrong made clear in *Otello* (and in an autumn *Ballo in maschera* revival with Josephine Barstow) that he is one of Nature's Verdians. He has been a huge asset — a "company musician" who has kept the term from seeming synonymous with safe, routine, or dull musician.

The Trojans is a shared project (next month WNO unveils the complete work and later on, Scottish Opera takes its turn). The honour of the first showing went to Opera North, and, while it was *The Capture of Troy* rather than the whole work on offer, the excitement of the occasion was quite extraordinary: a revelatory modern production by Tim Albery, hair-raising choral singing, cutting orchestral colours and driving Berlioz rhythms under David Lloyd-Jones. My Scottish Opera experiences of 1986 were rather less invigorating: *Intermezzo*, a borrowed Glyndebourne production that failed to find itself a suitably polished heroine, a quite spirited but not really very jolly *Iolanthe*. Opera Northern Ireland, under its new chief conductor Kenneth Montgomery, gave a brave account of itself in the beautiful Belfast Theatre Royal in *Ariadne on Naxos* (Rita Cullis its glowing heroine) and *Falstaff*.

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From a variety of British opera outings I also recall with pleasure English Touring Opera's portable *Bohème*, a highly imaginative re-thinking of the familiar on a small, fresh scale. *Curlew River* was brought to the Proms by Nexus Opera, Monteverdi's *Orfeo* by Roger Norrington's Early Opera Project — two supposedly unsuitable Albert Hall ventures that came off excellently well there. Opera Factory London Sinfonietta inaugurated the new stage facilities of the Elizabeth Hall with a much-liked *Così fan tutte*, and the premiere of Birtwistle's *Yan Tan Tethera*, both produced by David Freeman. There's a case for now undertaking the Birtwistle work on a better-equipped stage (the stage directions of Tony Harrison's libretto had to be slighted); I thought the Opera Factory performance 90 minutes of magic. Birtwistle's two works of 1986 weren't written at the same time. Whaty they have in common is an extraordinarily absorbing way of commanding theatrical time and space.

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Further afield, I sampled opera in the arenas of Nîmes (Verdi's *Corsaro*, a rarity done with unusual delicacy and economy) and Verona (*La fanciulla del west* on an enjoyably broad scale, the *much-touted Aida production* at its heaviest and dreariest). For Salzburg Krzysztof Penderecki contrived, in all senses, a sensational bit of operatic spookery in the form of *Die schwarze Maske*; it's a tawdry piece, but the main part was written to give Josephine Barstow a dazzling triumph. 1986 was one of the vintage years at Wexford: three works ranging from the slightly to the madly neglected —*Tancredi, Mignon*, Humperdinck's *Königskinder*—and three small miracles of Wexford's conjuring art. I was invited to Stockholm for the premiere of *Christina* by the young Hans Gefors, and found his a new, perhaps even a significant voice on the scene, very rewarding to encounter.

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But let me finish with Glyndebourne. In the best of all possible worlds the new *Simon Boccanegra* (of which I saw a later performance) would have placed itself in the grand line of Peter Hall productions for the festival; but it didn't. The other Hall contributions made amends: *Poppea* far more punchy and pointed (thanks to Richard Bradshaw's conducting) than when new two years ago; *Albert Herring* a rare treat for those who like this particular sample of Britten humour (I don't); *Don Giovanni* under-cast in places but still exerting its peculiar dark magic.

The single non-Hall offering was the new *Porgy*, one of the landmarks in the history of the festival. Simon Rattle (conductor), Trevor Nunn (producer) and Willard White (*Porgy*), giving the performance of his life at the head of a singing and glorious cast, were the particular heroes. But perhaps the most important point about the show was that a work dealing with community existence sprang so vividly to life because it was an ensemble performance—and about as seamless an example of the genre as in the manifestly imperfect world of opera one is likely to find. It might have been nice to play it before a more socially various audience; as was widely remarked, folk with plenty o' nuttin' were being shown to folk with plenty of plenty, a rather odd situation. But if ever there was a time for Glyndebourne self-congratulation, it was the summer of 1986.

Fascinating Aida/Elizabeth Hall

Antony Thorncroft

This is the time of year when we bow the knee before our national institutions and there was a packed South Bank audience for perhaps our newest—Fascinating Aida. In less than four years this trio of awfully nice young ladies has built up a fanatical following for its larky songs so firmly in the tradition of English intimate revue. The fact that the arch fascinator, Dillie Keane, is Irish and Denise Wharmby comes from Australia hardly matters—you don't have to scratch too hard to find dear old Duggie Byng, Joyce Grenfell and the Western Brothers.

What gives Fascinating Aida the edge is that they know no shame. A song like "Taboo," in which they run through all the unmentionables, will get most people in the audience crossing their legs, and to end with the "Herpes Tango" enables the middle aged, middle class, in the hall to feel frightfully modern.

Although the dresses remain the same, one fits a new figure, Denise Wharmby, picked up in Sydney last summer to replace the vivacious Marilyn Cutts. She starts slowly, but by the time for her big solo, the Lehar pastiche "The merry ex-common law wife," is at full throttle, and sweetly balances Keane and the mountainous mezzo Adèle Anderson: after all she is still under 30, as Dillie points out with some exasperation.

To freshen up the act Fascinating Aida write in sketches. The latest is a public meeting of SPAT — "Smart People Against Thatcher." It does not work; neither does the attempt to marry Dallas to Gilbert and Sullivan. The trio seem stuck with what they do best — performing witty songs which gain their frisson from the odd-ball angle of modern women who can't take feminism seriously.

The old favourites — "I fancy the Pope" and "Ealing Broadway Baby" — keep their quirky freshness, and among the new material we learn that Dillie, if re-incarnated, would like to be a kangaroo. This is the cue for much jumping around: one of the main attractions of FA is that, despite their pretty dresses, they are intensely physical on stage. The format must wear them down, but while Dillie Keane at the piano can mug it all up gloriously, Adèle Anderson bellows beautifully, and Denise Wharmby add vulnerable charm, Fascinating Aida seem stuck with being the darlings of the Surbiton set.

Mozart festival planned

A London Mozart festival including the composer's seven major operas is being planned for 1990-96, under the auspices of John Eliot Gardiner, artistic director of the Monteverdi Choir, and the English Baroque Soloists.

Planned to start in May 1990, the annual one-production-a-year festival will have an initial run of seven years in a small venue with pit space for up to 50 musicians.

DG Archiv Produktion is to record each opera, the provisional order of performance being *Idomeneo, La Clemenza di Tito, Die Zauberflöte, Die Entführung aus dem Serail, Le Nozze di Figaro, Don Giovanni* ending in 1996 with *Così fan tutte*.

The festival will be financed by commercial sponsorship, the Monteverdi Trust, government subsidy and box-office takings.

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Crisis in Noddyland

HAPPY, they say, is the country without history; and Noddyland is even happier. It not only has no history and no geography, as your atlas will confirm, but no current affairs. Everyone, or nearly everyone, tends to behave as if sleep-walking, doing exactly the same as he did yesterday and the day before, and the day before that; with the result that there is no growth, no inflation, no strikes and indeed no economic charts and no newspapers to publish them in.

But as a member of the IMF, the OECD and the Group of Umpteen, Noddyland does have a central bank, which publishes an unchanged bulletin every quarter, some official statisticians who give their tables some sex-appeal by publishing figures for other countries as well as Noddyland, and an active branch of Bull, Bear and Keyhole, the multi-national stockbrokers.

That was until a couple of years ago; but at the beginning of 1985 the price of Noddyland's imports, which consist mainly of raw commodities and goods from the less prosperous parts of the Far East, and satisfy exactly one fifth of total demand, fell by 20 per cent overnight. Of course, virtually nobody in Noddyland noticed, since the official statistics are hardly read outside the universities; industry went on making the same goods at the same prices (indeed, price lists were only reprinted when they got dog-eared, and reset when the type was getting worn).

However, 1985 changed all that, because the official statisticians had to circulate the numbers internationally, and because the alert young men at BB and K noticed that something was happening to profits. They started recommending Noddy equities to their clients in other countries. The stock market index, previously unchanged for years, suddenly rose almost vertically; it might have overshot badly had not an enterprising young statistician left his calculating machine to start the first Noddish newspaper, the Financial Independent.

Shareholders read the share prices, and they read the comments of the FT's bearded sage, who remarked that if Noddy stock prices were rising, the world must have gone mad. They sold. At the same time Noddy companies found that when they had paid their import bills they had much more cash left than usual. What with the foreign inflow and these unspent profits, the central bank found to its horror that the money supply, which had always been cited by the managing director of the IMF as a model of discipline, had exploded.

Much puzzlement

For the first time in Noddy history, the central bank published a gloomy bulletin; while this might be nothing but a statistical abberration, it appeared that monetary inflation had set in. As a warning, it raised interest rates for the first time in living memory. BB and K recommended its clients to buy Noddy bonds.

Things soon got worse; for about July the first official economic bulletin appeared, and it caused much puzzlement and alarm. Output, imports and exports were, it is true, unchanged as usual in volume terms; but because the imports were so much cheaper, there was suddenly a current account surplus equal to 4 per cent of GDP. Since this sudden appearance of actual net exports did not represent any real change, there was an ominous adjustment. Following the method which the Bundesbank's critics say is used in Germany, the Noddy statisticians applied a GDP deflator of 4 per cent.

Three things then happened. The Central Bank said its worst fears were confirmed; although prices had not yet moved, there was underlying inflation of 4 per cent. Interest rates were raised again.

Then the US Trade Secretary made a strong speech. The Noddy surplus, almost as big in relation to GDP as the US deficit, was clearly an unneighbourly act. He was ordering an anti-dumping investigation of Noddy exports, and meanwhile protested strongly at the rise in Noddy interest rates. Surplus countries should be expanding, not tightening up. The US could only be pacified with a revaluation of the Noddeian Wok.

Headline news

Meanwhile the young man who had been imported by BB and K to write circulars for Noddeian investors pointed out that the income and output measures of GDP growth, which had previously agreed on a monotonous zero, were now diverging by 4 per cent. He had some nasty things to say about the Noddeian Statistical Office, and the market was gripped by uncertainty.

By 1986, as readers will remember, the Noddeian crisis was headline news all over the world, and the Noddeian business community finally woke up. Observing that profits had doubled, they cut prices a little and also raised wages for the first time anyone could remember.

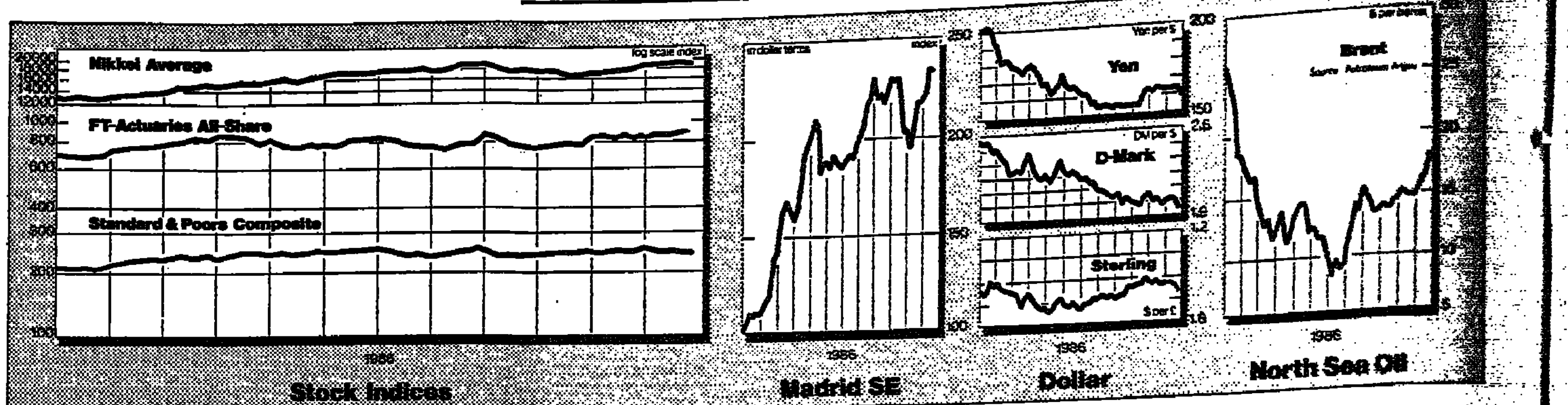
At the same time, however, the authorities yielded to US pressure and the Wok, long pegged to the Swiss Franc, was revalued by 10 per cent. So import prices fell again, the current account surplus grew still bigger, profits went on up, and money supply growth accelerated.

The Central Bank observed that though prices were now falling, the money supply was still a warning sign. The fact that the GDP deflator was now down to 2 per cent showed that its policies were right, but the battle was not yet won.

People were complaining restively that output was now falling, due to the competitive squeeze; but the authorities pointed out that the income measure of GDP was still rising, and that real incomes were sharply up. This was clearly unsustainable, since productivity was falling. People should be grateful for their undeserved good fortune, and leave the Bank to organise a tighter squeeze.

Noddy now features in the forecasts for 1987. The Noddy surplus problem is on the IMF agenda, and the Americans are as angry as ever. Home opinion has tended to rally to the support of the Governor of the Central Bank under this foreign attack; the people of Noddyland may be sleepy, but they are patriots. And unlike the young man who writes the BB and K circulars, who now says that the Noddy party is over, they are not unduly worried. After all, they never did anything in the first place. Will someone let them get back to sleep?

WORLD STOCK MARKETS



The bull runs on

By Alexander Nicoll

WITH Big Bang, scandals in New York and London, and large privatisations in Britain, Japan and France, nobody could say that the world's stock markets lacked excitement in 1986. Most of them also proved very good investments.

The October reforms of the London Stock Exchange, dubbed Big Bang, swept away traditions and set the stage for a technologically advanced, liquid and international stock market. Deregulation is also under way in many other centres, notably Tokyo.

Insider trading scandals, involving in the US the disgrace of Wall Street arbitrageur Mr Ivan Boesky, and investigation by the UK Government of several takeover bids, have however heightened public suspicion of the financial world. Nevertheless, the sales of British Gas, Nippon Telegraph and Telephone, and St Gobain have accelerated the global trend of privatisation and opened up stock markets to many new small shareholders.

None of this, however, has had any definable impact on the performance of stock markets. Investors will judge the year not by all these events, however significant, but by the bottom line. Was the entertainment value matched by satisfactory returns on equity investments?

The answer is that most markets rewarded investors — and especially those based in dollars—handsomely. The bull, already rampant for several years in an era of falling interest rates, lower inflation, growing economies and rising profits, has continued to run in 1986 even though it began to appear less sure-footed as the year progressed.

Overall, world stock markets —measured in dollar terms by the Morgan Stanley Capital International indices — rose 39 per cent in 1986, after gaining 37 per cent last year. European markets, which rose a stunning 73 per cent in 1985, climbed a more muted but still very healthy 34 per cent. Powered by a strong Tokyo market, the Europe and Far East index gained 61 per cent, an even sharper increase than the 53 per cent in 1985.

"We have not had the drama of 1985, but 1985 was a pretty exceptional year," says Mr David Roche of J. P. Morgan Investment Management in London, where the US fund management firm controls a $10bn international portfolio.

Even where stock prices faltered—as in West Germany, the star performer of 1985—the dollar's decline still assured more than healthy returns for dollar-based investors such as Morgan. Germany's 5.5 per cent increase in D-mark terms translates into a 31 per cent increase in dollar terms. In Japan, the yen's strength turned a robust 50 per cent gain in local currency terms into an 87 per cent rise in dollar terms.

This served to reinforce the message of the past few years: that domestic equity markets around the world are becoming increasingly internationalised. Investors are looking more and more outside their own borders. Companies are seeking broader share ownership. Large securities firms are fostering the trend with investment in international equity dealing and research.

US portfolio managers—who wield strong influence when they move into foreign markets because of the large amount of money under their control—appeared content, however, to enjoy the benefits of investments they had already made rather than to make major new purchases abroad.

According to InterSec Research, a consultancy based in Stamford, Connecticut, US pension funds had $42bn invested abroad at the end of the third quarter of 1986.

Though this is a drop in the bucket by comparison with the $1,500bn to $2,000bn available to be invested by all US pension funds, it is still a huge increase on the $27bn at the beginning of the year and the $15bn at the end of 1984.

Most of the 1986 gain, however, will have been caused by the rising value of previous investments.

Underlying the fundamentally buoyant state of world stock markets has been an economic climate favourable to financial instruments backed by a political environment, particularly in the US, the UK, West Germany, and increasingly France, seen as supportive of business.

The steady drop in inflation, running parallel with falling interest rates, has renewed confidence in financial assets such as stocks and bonds and reduced the lure of investments such as commodities and property, attractive in inflationary times.

This background has combined with a period of substantial but not heady economic growth, aided by lower oil prices, to give large boosts to corporate profits around the world. In 1986, domestic rather than export-oriented stocks were strongest in the markets of most industrialised nations because the dollar's fall made exports from non-dollar countries less competitive.

At the same time, investors have been highly liquid. Since investment of corporate profits in new capital goods — fuelling potential future economic growth — has been modest, the pool of liquidity has been growing, with investment in stocks producing yet more money available to be ploughed back into stock markets.

The top performer for 1986 among the world's major markets was Spain, where the index rose an astonishing 103 per cent in peseta terms and 133 per cent in dollar terms. Second was Italy, with increases of 56 and 90 per cent respectively. Japan, with 50 and 87 per cent, and France, with 53 and 76 per cent, were not far behind and the Australian, Hong Kong and Singapore markets were also very strong.

Returns from these markets make the US and British performance appear paltry, but gains of 18 per cent on Wall Street and 21 per cent in London are hardly to be sneered at. Denmark and Norway, by contrast, disappointed investors.

Japan, now easily the second largest market in the world and potentially challenging the US as the largest, remains a powerful lesson to international investors that they cannot judge all markets by the same yardsticks. Price/earnings multiples—the ratio of a company's share price to its earnings per share—typically exceed 50 in Japan, levels which seem extraordinarily high by comparison with European multiples.

Institutional investors have tended to "underweight" Japan—keep a lower proportion of Japanese stocks in their portfolios than Japan's weighting in the Morgan Stanley Capital International index—and the market's rise this year has exaggerated the phenomenon. They face a dilemma between buying into a market they may feel is difficult and overbought, or not doing so and thereby risking underperforming the index.

The London market has also been awkward. The early part of 1986 saw sharp gains as investors concluded that the benefits of falling oil prices for economic growth outweighed the effects of dropping North Sea revenues. But worries about the approaching election, the shaky pound, rising yields on UK government bonds, and fairly heavy issuance of new shares all combined to produce an uncertain climate in the second half of the year. Mr Nick Knight, of stockbroker James Capel, says London has been a "traders' market." This has produced heavy volume, a boon for the securities firms trying to make an impact in the newly-competitive exchange.

Even after the past two years of heady gains for world stock markets, forecasts of further impressive improvements in corporate profits in many European countries argue strongly for continuing buoyancy in share prices. But the picture is beginning to be more clouded.

Rising oil prices pose a new threat, particularly after the recent agreement on curbing production. The outlook for economic growth in the US and other industrialised countries is uncertain, and there are doubts about whether interest rates have much further to fall. For dollar-based investors, windfall currency gains could be reduced next year with only a modest further decline expected for the US currency. And since the dollar's fall has yet to make a big dent in the huge US trade deficit, there is a mounting tide of protectionism in the US which could yet severely affect the prospects for many other economies.

So caution is increasingly demanded of international investors. The cross-border investment flows which have characterised the past two years are likely to continue the process of globalisation of stock markets. But the biggest gains, at least for dollar-based investors, could turn out to have been made by those who, investing abroad in the past two years or even before, got there first.

THE NIFTY FIFTY MAKES A COMEBACK

THE fact that New York stockbrokers did less business the whole day after Christmas than in one minute the previous Friday is no reflection on their ability to bounce back from celebrating record brokerage profits.

It is a comment on developments in US stock markets which have grabbed a few less headlines than the fall of Ivan Boesky while bringing about changes more fundamental. Players are devising ever more ingenious ways of putting to work the sheer weight of new money bearing down on the market, money which helped push up New York Stock Exchange prices by one-fifth this year even as economic and corporate performances were going off the boil. Trading volume this year rose 28 per cent to 35.5bn shares.

On the Friday before Christmas participants in the New York exchange appeared to be neither bewitched, bothered nor bewildered as they traded 85m shares in the minute the market closed.

A jubilant broker, high from buying almost instantly $2bn of equities for his clients, said the orderly rampage showed investors had learnt to turn the turbulence of triple witching hour to their own advantage. They were using the dislocation caused by the once-a-quarter expiry of options and futures on stock indices and futures on the underlying shares to add to their portfolios at bargain prices.

Those instruments are breeding a new type of player who trades stocks as commodities.

More than four years into the bull market, domestic and foreign money continues to pour in, partly because alternative investments are rare in today's disinflationary environment. The effects have been widespread, bringing surging share prices, unprecedented Wall Street profits and record volumes of underwritings and takeovers.

New share issues have topped $40bn this year compared with $24.7bn in 1985. Within the total, initial public offerings have more than doubled to around $20bn.

Takeover activity, spurred in part by US tax reform, accelerated in the fourth quarter to push the total value of mergers and acquisitions for the year over 1985's record of $180bn. This remaking of Corporate America was a field day for every corporate raider and arbitrageur on Wall Street—until Mr Boesky was nabbed.

The year is ending on an unsettling note on the corporate front. Heavy restructuring charges by some of America's most prestigious companies have underscored wide differences in performance from industry to industry against a background of generally flat profits.

The most far-reaching tax reform in more than 40 years, effective tomorrow, is making it almost impossible to forecast what will happen in 1987. Time is needed to see which industries benefit and which suffer and for the economic impact to be felt.

Some people think the economy will bump along at its present 2-3 per cent annual growth rate while others are detecting signs of a take-off. Similarly, the market outlook ranges from a hesitant further rise in prices followed by a sharp correction to another sustained upward surge.

Struggling to live through the rough and tumble of this year and next, some investors are deciding to return to old home truths. The "nifty fifty" is re-emerging as the basis of an investment strategy after more than a decade of disrespect for its simplicity. Membership of the select club has changed but in a world of stocks-as-commodities the notion that the bluest of blue chips are above it all has a certain reassurance.

Roderick Oram in New York

Men and Matters

Irish unite to save island

Irish politicians, who could be fighting a general election as soon as February, have found a rare issue to unite them over the holiday — the threatened sale of a cherished piece of national heritage.

Taylor-Collings, owner of 68 per cent of Great Blasket Island, off the Dingle peninsula in south west Ireland, is planning to sell his holding in the United States at an asking price of $1m. He acquired it 20 years ago for I£125,000. His California-based property agent has told Irish newspapers that an end-of-January deadline has been set for the sale.

This news, accompanied by a suggestion that Great Blasket could become a holiday camp for Irish-American children, prompted Dick Spring, Labour leader and deputy Prime Minister in the coalition with Dr Garret Fitzgerald's Fine Gael party, to call for all-party agreement to designate the island a national heritage area. This would prevent the island, which is three miles long by a half-mile wide, being sold without first being offered to the Government.

His determination to keep Great Blasket Irish will certainly find sympathy with Charles Haughey, leader of the Fianna Fail opposition, who happens to own Inisvickillane, another of the four islands in the Blasket group. Haughey has a touch of Christmas 'flu and was not available for comment yesterday. But his spokesman said Haughey was a member of the Blasket Island Foundation and would support efforts by the foundation to raise the money to buy the island.

The Great Blasket, now depopulated, occupies a special place in Gaelic folklore. Three books about life on the island are regarded as important works in Gaelic literature. They are Peig, by Peig Sayers; Twenty Years Agrowing, by Maurice O'Sullivan; and The Island Man, by Tomas O'Crohan. The last was translated by the English Celtic expert, Robin Flower, who also wrote Western Island, about the history of the Great Blasket.

The Blaskets were the scene in 1588 of the wreck of two Armada ships, the Santa Maria de la Rosa and the San Juan de Ragusa.

Hard of hiring

It is said to be hard to sack an EEC official. On current evidence it is even harder to appoint one.

George Scott, the well-known British broadcaster who has been in charge of the European Commission's press and information office in London for the better part of a decade, is moving on, making available a £50,000 a year job free of British income tax.

The job was advertised, and a business consultant John Drew, was confidently tipped to succeed Scott.

At which point howls of outrage were heard from disappointed applicants within the ranks of the EEC civil service. There were claims that EEC rules had been broken because unsuccessful internal applicants had not been informed that they had failed before the job was advertised to the outside world.

Threatened with legal action by the militant Euro servants the commission backed down and decided before Christmas to readvertise the job. The new advertisements have appeared this week, and the closing date has been put back until mid-January.

Drew is still expected to be appointed — that is if his patience does not run out.

Crossed lines

Labour supporters will have to resolve what is clearly a major clash in the left-wing activists' calendar for 1987.

Two similar causes have picked Saturday, January 24 as the day for a major demonstration. One — the now-annual rally in Cheltenham in protest against the Government's ban on trade unions at its GCHQ spy station there—is supported by the TUC and the Council of Civil Service Unions.

The other — a first anniversary demonstration of the start of the News International dispute at its Wapping plant, where traditional print unions are no longer recognised and their members no longer employed — is backed by the print unions.

Only a cross-country dash, it seems, from GCHQ earlier in the day to the Wapping demonstration in the evening, when the papers produced there leave the plant, can solve the dilemma.

"Dad—it's a tall dark DTI Inspector come to let in the New Year"

Image maker

One of the people most closely associated with the building of BMW's enviable image in Britain is to take early retirement at the end of this year. Ray Playfoot, who has been information and public affairs manager, started his association with the West German luxury car company in 1966 when it first began exporting to Britain.

A former Fleet Street journalist, Playfoot started in motor industry public relations with Singer Motors, when it was an independent business, before it was taken over by the Rootes Group.

He then helped importers like Renault and Alfa Romeo in Britain before joining BMW Concessionaires, set up by the Tozer Kemsley and Milbourn trading group to import BMW cars to the UK.

When the German company took over its own import business six years ago, Playfoot moved to the new company, BMW (GB).

Now 64, he is leaving the UK company but will be working part-time for BMW in Germany to develop a communications strategy for those English-speaking countries in which the company is not yet established.

Playfoot recalls that when BMW started exporting to Britain, imported cars accounted for a tiny part of that market. The chairman of BMW concessionaires was therefore rather nervous when Playfoot suggested he stuck out his neck at a press conference and forecast that car imports would, at some time in the future, take 10 per cent of the UK market. This year the import figure will be 56 per cent.

No more to say

Sign in the window of a closed-down bookshop in New York: "Words failed us."

Observer

No homilies, please

A WORD OF ADVICE...

..from Richard Lambert for David Nickson, on industry's relations with the City; from Christopher Dunkley (right) for Alasdair Milne, BBC director-general

YOU ASKED me to make recommendations about meetings to be held this year by a task force which you have set up to improve relationships between industry and the City.

I have to say that the chances of the task force producing anything but a series of pompous generalities are not high. With 26 members — all with diverse and strongly held views — any consensus statement is likely to be bland. I have taken soundings from some members and find that many are already entrenched in their opinions, depending on whether they come from industry or the City.

In addition, the inquiry's terms of reference are too broad. They spread over half a side of paper and will provide scope for much waffling.

This is a pity because there are serious issues to be addressed. They are:

● "Short termism." Relationships between companies and their banks and shareholders are becoming more transactional and less permanent. Finance is available on more competitive terms than in the past. But when the going gets tough, life is much more difficult for a company which does not have understanding shareholders and a committed bank.

● Closely related to this is the debate about takeovers. Are they the best way of transferring power from inefficient managers? Or do they force companies to place too much emphasis on short term results, for fear that long term investments will not be reflected in their share price, making them vulnerable to an unwanted bid?

● The brain drain. There is a widely held view that the City is attracting an undue share of national resources, especially in terms of brainpower. Industry cannot afford to compete when it comes to hiring the best talent.

All these issues are at least partly cyclical. Attitudes to big takeovers may already be changing: the outcome of BTR's bid for Pilkington — which is being presented as a test of investors' attitudes — will be a good indication of mood. And a decent bear market would make bidders and fund managers much less trigger happy, as well as slicing away much of the City's fat.

But the task force will need to decide whether more lasting changes are needed in the links between industry and the City. I would urge you to concentrate your mind on what needs to be done by industry.

Homilies addressed to the City will be ignored. Moreover, the ultimate power in these matters lies elsewhere. Merchant banks do not have the final authority to initiate takeovers. Trustees of pension funds are not accountable to City interests. Only the companies which pay sometimes outrageous fees for the services of financial intermediaries can really influence their behaviour—and their salaries.

Thus, at the risk of seeming impertinent, I would suggest that Matthew Brown, the brewer which your company (Scottish and Newcastle) has been threatening to take over for some time, sees you as the enemy—not your merchant bank.

Similarly, it could be counter-productive to look for Government intervention. David Walker of the Bank of England, whose views on this subject repay attention, made a shrewd comment on this point at our CBI conference in November, when he warned that:

"An environment in which constraints were applied to the investment decisions of institutions would probably also be one in which the freedom of boards to determine and implement their own strategies was constrained."

Some of our members would like merger policy changed so

Attitudes to big takeovers may already be changing

that a bidder would have to show that positive benefits would arise from the marriage. But who would be the final arbiter in such intangible matters? Only the Government—and its judgments would be as unpredictable as an English summer.

I make one or two exceptions to this "hands-off" approach. The task force should suggest that pension funds which abuse their tax privileges by turning over their portfolios to an excessive degree should have those privileges removed.

In a similar vein, it would be worth considering whether new investors in a company should be required to wait for, say, three months before being allowed to vote as shareholders. This would be a more refined way of limiting the destabilising influence of arbitrageurs in a bid battle than the introduction of a heavy tax on short term capital gains.

Some of your final recommendations can be drafted already. For instance, there are obvious points to be made about the merits of greater disclosure.

Companies have to understand that they can combine heavy investment in spending and long term development spending with a high stock market rating: look at Glaxo, for example. But for this to happen, investors need to be able to make a worthwhile judgment about the value and risks of such investment.

Mr Walker's ideas about an innovation statement make sense. This would indicate the level of overall spending—whether revenue or capital, marketing or r and d—being geared to new products or services that are scheduled to reach the market in, say, one, three and five years' time.

Disclosure could also be a helpful way of checking the cost of financial services. Few businessmen have much experience of evaluating the services provided by corporate advisers, underwriters or fund managers. If they could see what others paid, they might be less willing to stump up.

On another point, companies have a direct interest in the behaviour of their pension fund trustees. If the fund takes excessive risks, of a kind which do not square with its own particular set of obligations, then the company will be liable for top-up payments. So directors have a clear right to discuss risk strategies with trustees and to discourage them from making judgments purely on the basis of short-term performance.

Some research projects should be undertaken by the task force. One would be to collect and make accessible the good academic work which has been done on takeovers (showing that industrialists frequently over-estimate their value) and on the working of the capital market (which are a lot more efficient than is often recognised).

Another would be to undertake comparative research on the relationships between companies and their proprietors in other countries. How is inefficient management reinvigorated or replaced in Japan and West Germany, successful economies in which takeovers are rare? Is a highly liquid capital market a help for companies in that it provides funds on competitive terms, or a hindrance in that it helps to weaken their links with shareholders?

Certainly, there is plenty of room for improvement in relations between the City and industrial companies; it is especially important that the ownership responsibilities of the institutions should be thoroughly aired. But changing the relationship with the City will not magically solve the problems of British industry: only you and your fellow industrialists can do that.

Soap and glory

IT LOOKS as though 1987 will be "The Year of Europe." Again. It also seems pretty clear that there will not be any major increase in pan-European satellite activity. Again. However, our chums in the Continental public service outfits are even more fretful now than they were when you spoke to them last year about the pincer threat from Rupert and the Australian mafia on one side and our American friends on the other. (Incidentally, your musings about the Irish renting transponder space on their satellite to the Yanks and flooding us and the Europeans with 24-hour "Dallasty" was, I take it, a Glenmorangie speculation and not a concrete fact supplied by that odd little RTE fellow?)

At the European Broadcasting Union meeting you will, of course, maintain the BBC stance of total solidarity concerning the preservation of the heartlands of European culture (whatever they may be; could Barlow do an aide memoire?). And you'll have to enthuse again over this ludicrous idea of a multi-European mega-budget super-soap, designed to slaughter the US glitz series. But do make certain, won't you, that when the perfidious French start gabbling about budgets you don't nod or wink in the wrong place and commit us to a £5m contribution or something. There must be no agreement on putting in any actual cash.

All-party Meeting at the House

We must keep the Party Political Broadcast system because the alternatives are unthinkable. The great thing is to avoid conceding any more time. The two Davids are sure to press hard for equal PPB time with the big boys. You could start by enthusing over proportional representation, and suggest that PPBs should be organised along similar lines: the time allocated to each party to be proportional to its number of MPs. Since the parties currently get time proportional to the number of votes cast for them at the last election, this would mean a steep reduction in PPB time for the Alliance. If that doesn't stop them, then suggest that we make available the same total PPB time as last year and leave the carve-up to the parties. That should teach the Davids who their real friends are.

This will also be a good occasion to launch the rumour about our proposed "Political Monitoring Unit," the one that will do for politics and politicians what these infernal "media watch" units do to broadcasters and broadcasting. They know we see it as part of our job as journalists to keep an eye on our political masters. All you have to do is convince a few key busybodies—La Curry, little Gerald, people of that sort—that we really shall be cataloguing every freebie trip that MPs take, checking their attendance at Westminster, counting their weekends away from their constituencies and so on, with a view to presenting it all on "Newsnight."

Sports

You were joking, I hope, when you suggested we might be doing too much snooker. There is no such thing as too much snooker. I realise Graeme told you that he might just as well retire to Tuscany for the duration of the World Championship and leave David Vine to run BBC2, but you must not forget that the April snooker marathon is still the only thing we can rely on apart from Wimbledon and Christmas to take us above a 50 per cent share in the BARB figures.

Michael has done wonders creating this popular illusion that the BBC now dominates the ratings, but you and I and the rest of the industry know that that impression depends

There is no such thing as too much snooker on television

entirely upon MG's brilliant trick of adding in the "EastEnders" repeat to give the appearance of beating "Coronation Street" every week.

We *need* snooker (you really must stop calling it "billiards") and if possible much more often than hitherto. Peter's suggestion of putting up Steve Davis every week and getting "the rest of the world" to challenge him on a rota basis sounds too much like "Pot Black" to me. I was having a jar with Buffo last night and we reckoned that a real crowd pleaser would be a weekly challenge between Davis on his own and some well known TV pair:

The Americans

When you meet the Americans they wil no doubt try to sell you yet more bitches-and-riches series called "Denver" or "Dysentry" but that really isn't what we want. In 1986 our own "Howard's Way" did better than the American imports. (I don't suppose you have managed to see it yet, but "Howard's Way" is a cross between "EastEnders" and "Dallas" set in a boatyard).

I still think we should be trying to lay hands on a bigger share of the US mini-series which have mostly been going to ITV. Did you happen to catch that "North and South" thing the other night? The Americans seem to be putting the bluer bits into alternate episodes these days, so when they are played in the UK wrapped around the news you get one ep. suitable for pre-watershed and one suitable for after.

When I happened to switch on just after 10.30 one night before Christmas, some beefcake hunk was busy removing every stitch of clothing from Lesley-Anne Down. Although Mother Whitehouse wouldn't like it, there are clearly an awful lot who do, and however much we all loathe this American rubbish it is awfully cheap and popular.

The Association of Independent Producers

After the £60,000 cockup over the lorry-drivers' film, people may think it odd for us to be talking about increased use of sponsorship. However, at Kensington House last week (we must enlarge their car park) I fell in with WW and EM and we came up with a wheeze that might kill several birds with one stone:

1—The licence fee is obviously staying where it is, but broadcasting inflation is still running way ahead of the national figure. We have to find more money somewhere.

2—Although Peacock's potty figure of 40 per cent independent programmes on our channels has been abandoned, the figure of 25 per cent is still being pursued and obviously one day we shall have to accommodate more independent programmes.

3—What with Yorkshire's all-night boogy-woogy, and Isaacs about to start keeping Channel 4 on the air till 3.00 am, we will eventually have to extend our late schedules.

Why not put the three points together: tell the AIP that we can't provide facilities or finance but if they care to find sponsors we will find the space for their programmes. That way we fill our late-night schedules for nothing and we distance ourselves from sponsorship difficulties: we're simply fulfilling a government requirement. When you meet the AIP you'll have to wrap this up a bit, of course.

On another small sponsorship matter: with condoms playing such a central role in the Aids campaign, we must be prepared for Durex to try it on again with that ghastly racing car.

P.S.—*Please* try not to call that woman vice-president of World Vision "boy."

Friday: Nigel Lawson and Michel Camdessus.

Letters to the Editor

UK civil aircraft

From Mr D. Lowe

Sir,—Admiral Sir Raymond Lygo's statements to the Industrial Society (reported on December 17) will cause considerable concern. His remarks seem most inappropriate while British Aerospace is attempting to obtain £750m for civil aircraft division from the tax payers off this "grubby little island off the coast of Europe."

The admiral recognises that "we are engaged in a war of national survival." For decades a major portion of the civil aircraft industry survived well when sensible airframes were matched to British engines. The results were 438 Vickers Viscounts, 378 Avro/HS/BAe 748s, the initial 358 DH/HS/BAe 125s and 230 BAC/BAe One-Elevens.

Sir Raymond's solutions will not cure the illness diagnosed by Sir James Goldsmith as "The European disease," created by "a triangular alliance of big unions, big government and big management" which has "destroyed European industry and creativity." A more serious form is "civil aviation aids," having a lengthy incubation period and being transmitted by injections—ill conceived cash injections. Human resources are attracted by this cash rather than resolving the aircraft market needs.

Previously British airframe and engine makers were civil collaborators but unclinical cash injections transformed them into antagonists. Today, no new British civil aircraft has Rolls-Royce engines, nor do they fly under the British wings of European Airbuses. The British Aerospace civil division reports losses while other manufacturers report profits using Rolls-Royce engines. Rolls-Royce now competes with British Aerospace damaging British civil aeronautical manufacture. This industry is yet to receive a Japanese attack. With Japanese involvement in Boeing 7J7, V2500 and Super Fan, however, they are well positioned to exploit the gap between propfan and turbofan technologies.

In 1983 British Aerospace proposed One-Eleven re-engining with Rolls-Royce Tay engines to produce an aircraft that flies higher, faster and farther than Fokker's F100. The antibodies in the system however killed the engine transplant. Yet it was evident in 1984 that US Air, a major One-Eleven operator needed 20+ rugged, durable, twin jets and would have bought BAC One-Elevens with Tay engines, had they been available. Instead, in 1985, it ordered 20 Fokker F100's with 20 more options.

The One-Eleven's VIP potential remains largely unexploited. There is, within the design, a 4,000 n.mile executive jet. In addition, its configuration is similar to the DC9-MD80 which McDonnell Douglas, General Electric and Pratt & Whitney consider ideal for propfan technology.

Sir Raymond fails to mention that the island also suffers from noise pollution around airports. One-Elevens constitute 22 per cent of our airline fleet. Tay re-engining would result in major noise reduction and airlines would benefit from improved performance and reduced fuel consumption—important when crude oil has doubled in price in 10 months.

In Sir Raymond's own words: "We are in danger of becoming a people with no ability to demonstrate except decay." He should recall that many aviation inventions and considerable aviation creativity have originated on this "grubby little island." What civil aviation needs is evolution, creativity and entrepreneurial skills. The major problem is getting big management, big government and big unions to do anything about incorporating them.

Derek Lowe,
Executive Jet Sales,
70 High Street,
Newport Pagnell, Bucks.

Mountainous but useful

From Professor G. Fodor.

Sir,—On the same day that you published an interesting article on Europe's food mountain (December 6), Italian newspapers reported that a major Swiss food company has stopped buying milk in Lombardy because it contained traces of dangerous pesticides as well as high radioactivity levels. Apparently the milk is dangerous for children although acceptable for adults; what it certain is that its quality leaves much to be desired. On December 8 you reported that the Chernobyl disaster led to an unexpected increase in Europe's stocks of butter and milk powder, as consumers stopped buying milk because of alarm at the high levels of radioactivity present at the time. It is likely that this will happen now once more in some parts of Italy.

Both the European Commission and farmers' interests seem to have become politically blind and seem not to have realised that two problems put intelligently together may help to solve each other.

In Italy, at the time of the Chernobyl disaster, mothers had to beg friends for old dried milk in order to feed their children; although milk consumption declined dramatically, the European Commission failed to put on the market, with adequate fanfare, old supplies of dry milk. Had it done so, stocks would probably not have increased. On the contrary, if slightly contaminated milk had been destroyed, stocks would have diminished. At the same time European consumers would have felt that the expensive agricultural policy for which they were paying could have a beneficial, although unexpected, result: guaranteeing a safe food supply in the presence of an unforeseen disaster.

Originally the EEC was willing to subsidise agricultural production because of memories of wartime food shortages. Now the mechanism has escaped control and there is justified alarm because of the cost of a machine gone mad. The recent ecological disasters may provide a partial ex-post justification for a policy that has resulted not only in self sufficiency but in the accumulation of huge surpluses for some commodities.

I am not willing to pay high food prices to enrich farmers or owners of storage facilities, but I am willing to pay them in order to have access to safe food.

A reasonable solution would be to set very stringent standards for milk across the Community, which would be monitored by a group of inspectors independent of national authorities. If in any region these standards are not met, milk would be withdrawn from the market and destroyed. It would be replaced by fresh milk if available; if not, with milk produced from the existing stocks of dry milk.

We would then have an agricultural policy visibly in favour of the health of consumers and not one which seems to care only for small pressure groups. These pressure groups would still get their money but consumers would be much more favourably inclined towards them.

(Professor) G. Fodor,
Facolta di Economia e Commercio,
Via Giardini 454,
Modena, Italy.

Flying a reactor

From Mr B. Ingham

Sir,—A pilot has to keep an aeroplane flying in order to find a safe place to land it — that's his job.

A reactor operator (December 16) does not have to keep his nuclear power station "flying" i.e., operating, if it is in such a condition that it needs to "land." It can be landed at any time into a safe state by fully automatic systems based on gravity, a most reliably force. Because all power stations are joined together on the grid — he does not fly alone and if he has to "land" other stations take on his share of the generation load.

Except in a case of national emergency he is under no pressure to keep going at all costs or fly by the seat of his pants.

The power station also carries its own ground crew, service engineers, fire station, etc, etc, with it at all times. It does not like an aeroplane, need to go looking for services.

There is a need for *continuous training of all staff* but I feel the aeroplane pilot/nuclear power station operator juxtaposition is not a very logical choice by your correspondent.

Bob Ingham.
29 Woodlands Crescent,
High Legh,
Knutsford, Cheshire

Insider dealing

From Mr D. Barnes

Sir,—Professor Myddelton asks (December 29) how honest investors are harmed by insiders and subsequently seeks to prove they are not, arguing that as an honest investor selling shares in ignorance of a bid he is not harmed by the insider who buys them.

There is however an element of risk in share investment which must be borne by all who invest in the stock market, and which the insider by definition seeks to avoid. The honest investor is harmed by having to assume this risk before enjoying a return while the insider can enjoy the same return but at no risk.

Dominic Barnes.
30 Crichton Ave,
Wallington, Surrey

Buying the caviar

From Mr J. Paton.

Sir,—Mr P. Ellerton (December 23), goes to great lengths to buy his caviar at Heathrow. The route he describes is certainly possible but it would attract the attention, in various degrees, of airline staff, HM Immigration, HM Customs, Special Branch and BAA security.

The aircraft captain, risking the loss of his air traffic control departure slot, would probably never speak to him again. Products sold at Caviar House are duty-paid. If they were duty-free HM Customs would take an even closer interest.

John G. Paton,
35 Sarum Crescent,
Wokingham, Berks.

FINANCIAL TIMES
Wednesday December 31 1986

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New York heralds 'archaic' British honours

By Michael Cassell, Parliamentary Correspondent, in London

THE BEGINNING of a new year in Britain signals the announcement of a fresh list of royally bestowed honours under a system which, its critics claim, is archaic, elitist and increasingly abused. Supporters insist it remains a highly respected and much-loved tradition.

Twice annually, on the occasion of the Queen's official birthday and at the new year, the London Gazette announces that Her Majesty Queen Elizabeth II has been graciously pleased to confer a range of honours on distinguished citizens of Great Britain and its overseas territories.

The list embraces first, second and third-class honours in numerous award categories and range from life peerages to British Empire Medals. But despite the air of royal pomp and patronage surrounding their announcement, the honours are not compiled by the Queen but by the office of the Prime Minister of the day.

Anyone can put forward nominations for inclusion on the list, and all candidates are vetted by a special office under the Prime Minister's authority. The Queen formally approves the list, and either she or a member of her family will, later in the year, personally bestow the honour upon the recipients.

Today, nearly 900 people from all walks of life have been honoured. Many have been included by virtue of little more than their long service, often in ministerial departments or other branches of the Civil Service. Board members of nationalised industries and other state undertakings can, in addition, usually be expected to receive an honour during their period of appointment.

Mrs Margaret Thatcher, the Prime Minister, has, in contrast to some of her predecessors, been an enthusiastic advocate of the use of political honours to reward those who have helped her and her party. Each new list inevitably includes a handful of solid, respectable Conservative MPs who might have fallen victim to Mrs Thatcher's ministerial reshuffles but who still apparently warrant an eventual accolade. Party faithfuls who help organise the Conservative machine around the country are also regularly included in the honours.

Few prime ministers since Lord Stockton, who died on Monday, have used the honours system so regularly as the current incumbent to hand out politically earned bouquets. Lord Wilson, the former Labour Prime Minister, is considered to have brought the system into further disrepute with a resignation honours list which was widely criticised.

Only after repeated approaches from several prime ministers did Lord Stockton – previously Mr Harold Macmillan – eventually accept his hereditary peerage. While some refuse, however, others who might normally expect to be approached are still waiting – clearly paying the price for offending those who decide such things.

Today's list includes both politicians and civil servants and some of the actors who portray them on television.

The financial and business community is well represented. There is a knighthood for Mr Bernard Ashley, chairman of Laura Ashley and, with his late wife, co-founder of the publicly quoted fashion manufacturing and retailing group which now has over 200 shops in the UK and overseas.

Other knights include Mr Mark Weinberg, chairman of Allied Dunbar, the life assurance and unit trust group. Mr Weinberg, a pioneer of unit-linked life assurance, is deputy chairman of the Securities and Investments Board.

In the sporting world, Mr Frank Williams, the racing car constructor is made a CBE.

Details, Page 6

Brussels seeks wider bids for state contracts

BY WILLIAM DAWKINS IN BRUSSELS

THE European Commission has launched proposals to open up public works contracting at all government levels to freer competition between companies in different member states.

The plan affects activities – such as the construction of roads, hospitals and other major public projects – estimated to account for 9 per cent of the EEC's gross domestic product. It follows an agreement earlier this month by EEC industry ministers to expose public supplies purchasing to more open competition and represents the first attempt at liberalising public works procurement in the Community for 15 years.

If sanctioned by the Council of Ministers, the new rules would significantly toughen the exisiting procurement directives, which have only been followed very loosely by purchasing authorities. "This is one area where there has been an enormous gap between theory and practice," a Commission official said yesterday.

Existing public works regulations govern the amount of advance publicity given to public construction projects and lay out tendering procedures. These would be extended under the Commissions proposals to associated services such as financial promotion and design and works management.

The Brussels authorities are also proposing that the threshold at which public authorities must seek at least three tenders and guarantee equal opportunies for tenders from the member states should be reduced from an Ecu 1m ($1.065m) contract value to Ecu 700,000. There should be stricter controls over cases where purchasing authorities will be allowed to take bid from only one contractor, says the plan.

To make it easier for contractors in one member state to apply for work elsewhere in the Community, contracting authorities would have to use EEC standards where they exist. Differing technical specifications constitute one of the most serious barriers to free trade in procurement within the EEC, the Commission's proposal points out.

Public authorities, the plan envisages, would be obliged to explain to failed bidders why they were turned down and – on request – justify their choices to the Commission. It also suggests that broad details of future projects should be published between six months and one year tendering begins.

The plan, which forms part of the EEC's policy of working towards the creation of a free internal market by 1992, aims "to increase the credibility of the Community's efforts to break down the psychological reluctance of traders, industrialists and, more particularly, small and meduium-sized enterprises to bid across frontiers for public work contracts," says the Commission. Officials are now working on public purchasing directives for energy, water, transport and telecommunications.

New York court case reopens racial divisions

By James Buchan in New York

RACIAL feeling was running high in New York yesterday after a court in the Borough of Queens dismissed charges of murder and manslaughter against three white youths following the death of a black man in Howard Beach, a predominantly white suburb near John F. Kennedy Airport.

In the worst incident of racial violence for years in New York, the three young whites were accused of chasing and beating three blacks in the early morning of December 20. In attempting to escape the attack, Mr Michael Griffith, one of the young blacks, was hit and killed by a car.

Dismissing the major charges in an unruly courtroom, Judge Ernest Bianchi said he had no choice because of the refusal of one of the three victims, who is the key prosecution witness, to come forward. He said the evidence was enough for a charge of reckless endangerment. The decision was greeted by shouts of "injustice," and Judge Bianchi ordered the court to be cleared of some 60 black protesters.

Mayor Koch – shouted down

Late on Sunday evening, a white man in the neighbouring borough of Brooklyn was attacked by around a dozen black men chanting "Howard Beach," police said.

The incident has reopened divisions between blacks and some working-class residents of Italian and Irish origin in Brooklyn and Queens. Mr Ed Koch, the Mayor of New York who has compared Mr Griffith's death with an old-style lynching in the deep south, was shouted down when he attempted to mediate at a white Roman Catholic church in Howard Beach on Sunday.

The Queens Criminal Court heard on Monday how a group of young whites had been summoned from a party to accost the three blacks, whose car had broken down and who were waiting in a nearby pizzeria. Police say the victims were beaten with baseball bats.

In seeking to bring more serious charges, the Queens District Attorney, Mr John Santucci, is hamstrung by the refusal of Mr Griffith's stepfather, Mr Cedric Sandiford, to testify on his lawyer's advice.

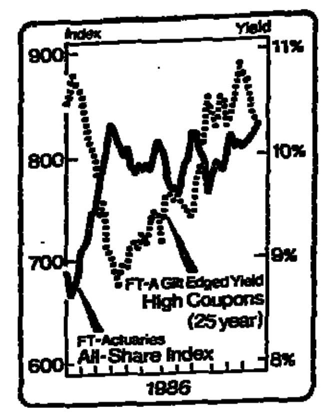
Mr Sandiford's lawyer has contended that the driver of the car was an accomplice of the white youths, which the police dispute.

THE LEX COLUMN

Look back in anguish

When in the years ahead brokers look back on 1986 their hazy recollections may be of a halcyon summer before war – a bull market raging while the abolition of fixed stock exchange commissions approached.

But long before Big Bang, something went wrong in the UK markets. Both equities and gilt-edged stocks peaked in April. Since then the narrower equity indices have repeatedly failed to break through their highs, although the All Share index is celebrating the new year by cracking its April record. Gilts are ending the year on yields not much lower than they started.



All year the market has been struggling to decide whether the fall in oil prices in the early months, was good or bad news. The consensus in London at first, as on Wall Street was "good". Brokers' profit forecasts were increased as cheap energy, and a coming election seemed to promise economic expansion without the usual attendant of rising inflation.

The equity market also drew on the strength of corporate cash flow and the hope that dividend rises would be in double figures. At the same time, the hectic takeover activity which had contributed to the previous year's market strength, continued in the new year.

Gilt market

The gilt market initially shrugged off the less good effects of a lower oil price – weaker sterling and lower tax revenues – and followed the rally in the US bond market. Interest rates were coming down both in the UK and around the world as finance ministers struggled to correct trade imbalances and suppress exchange rate swings.

Why then did the markets' headlong upward rush falter? The simple answer advanced in the late spring was that they had risen too far, too fast. Expectations had been overblown and the p/e ratio on equities had reached unsustainable levels. When the multiple on the industrial index reached 17 times historic earnings two quite logical although at the time unexpected, developments followed. Companies realised that raising equity finance was remarkably cheap and that takeovers were overly expensive.

Investors' ability to absorb new stock was sorely tried as the volume of rights issues, some blatantly opportunistic, increased while the market started to anticipate the flotations coming in the autumn.

This year rights issues raised a total of £4.66bn, up from £3.13bn in 1985 and £1.36bn in 1984. The Prudential's £357m rights issue in early May, made despite an ungeared balance sheet and with no specific purpose for the money, rightly stretched the market's patience.

Takeovers dried up as summer approached. Bidders, who looked for better value elsewhere or refused to pay up for acquisitions, were encouraged by a swing in fund managers' sympathies in favour of targets. Woolworth escaped from Dixons in early July.

This change of mood not only reflected an almost abashed spurning of short-termism following much criticism, but also the fact that with the market off the boil bidders' paper was not as attractive.

But perhaps a more potent stop on the market has been the growing realisation that the market's original analysis of the oil price effect was wrong. Cheap oil has not delivered the expected economic boost while the associated exchange rate problems have been more severe than they appear on the surface.

Sterling was, as so often, the trigger for a sharp rise in UK gilt yields beginning in the early summer and worsening in September. As such equities had no support from the bond market as the old yield gap arguments held sway. While fund managers could lock into guaranteed real returns, at historically high real interest rates, equities lost some of their attraction.

At the time, falling oil prices were not given the main blame for the pound's weakness as they had been at the start of the year. The money supply was awarded first place in the list of reasons for concern among economists and foreign exchange dealers.

They proved much less willing than the UK authorities to watch with equanimity above-target monetary growth, boosted by the consumer boom. The effects on inflation have yet to be assessed while the deterioration of the balance of payments now looks set to result in a deficit for the year.

The severity of the pound's fall has been disguised by the weakness in the US dollar. The flight from that currency into yen and D-Marks has passed sterling by, and although the one percentage point rise in base rates in October eventually seemed to have settled the exchange rate, the pound has suffered the full effect of lower oil prices as well as relatively loose monetary conditions.

Sterling

Given such a weight of adverse factors, the surprising thing is perhaps that the equity market has held up so well rather than that it failed to continue rising.

Sterling's apparent stability, the limited rise in interest rates, a resumption of bid activity and decline in rights issues, have helped. The two big new equity issues have been successfully negotiated and the Government's standing in the opinion polls has recovered from a dip in the summer.

The market can again pin its hopes on tax cuts in the spring budget to boost the economy further, despite the Chancellor of the Exchequer's warnings to the contrary. And forecasts that profits growth in 1986 will turn out at around 20 per cent for the industrial index can be held to justify the high multiple of April. The difference is the new acceptance that a recovery in oil prices is desirable which coincided with the December Opec agreement. The oil sector which had performed poorly in the early months has ended the year ahead of the market as a whole.

The year has ended not with the bang but the whisper as insider dealing scandals have spread and past takeovers are re-examined. Whether the resulting investigations are a more than transitory depressant on the market is a question for 1987.

Japanese Government approves 5% rise in defence spending

THE Japanese Government yesterday approved a budget plan for fiscal 1987 that would for the first time allocate more than 1 per cent of the country's gross national product (GNP) for defence, agencies report from Tokyo.

Approval came at a special Cabinet meeting following marathon negotiations between the Finance Ministry and other ministries and agencies pressing for restoration of funds cut in various budget areas.

The ruling Liberal Democratic Party (LDP) yesterday defended its decision, but opposition leaders criticised the move as "rash."

LDP leaders agreed late on Monday to increase the 1987 military budget by 5.2 per cent to 3.52 trillion yen ($21.9bn) to buy more military aircraft and expand the number of military personnel. The figure represents 1.004 per cent of GNP against the 0.993 per cent of GNP represented by defence spending this fiscal year. Parliament, which is controlled by the LDP, is expected to approve the budget before the 1987 fiscal year begins on April 1.

Mr Yasuhiro Nakasone, Prime Minister and leader of the LDP, was yesterday quoted as saying that the decision "could not be helped in order to improve the capability and labour conditions" of the defence forces. The Kyodo newsagency said that, when Mr Nakasone was asked if the new budget would invite accusations that Japan was militarising, he replied: "There is no possibility" that the country would become a military power.

Military spending is a sensitive issue in Japan, where a constitution adopted after the Second World War bans war as an instrument of foreign policy. The Cabinet set the 1 per cent ceiling in 1976 in response to criticism that military spending was increasing rapidly. The ceiling has been adhered to by all Japanese governments since then.

However, the US, which has a defence treaty with Japan and stations about 61,000 troops in the country, has been urging that Japan's defensive strength be increased more rapidly. In Washington, Mr Caspar Weinberger, the US Defence Secretary, welcomed the planned budget increase.

Japanese opposition parties, however, and some of the country's Asian neighbours, many of which were occupied during the war, have expressed fears that Japan will re-emerge as a military power.

"Releasing this brake means not only that the Nakasone Cabinet is trampling over a self-imposed pledge, it is a rash act that greatly deviates from the principles of the peace constitution," Mr Takako Doe, Socialist Party Leader, said yesterday.

Mr Mitsuhiro Kaneko, Communist Party chairman, issued a statement denouncing the decision as "an unforgivable rash act" and said it was "Nakasone's declaration toward a large military expansion."

AT&T told to cut long-distance telephone rates by 11 per cent

BY ANATOLE KALETSKY IN NEW YORK

AMERICAN Telephone & Telegraph has been ordered to reduce its long-distance telephone rates by an average of 11 per cent from January 1, the Federal Communications Commission announced yesterday.

The FCC decision goes well beyond the 7.1 per cent rate cut which AT&T itself proposed to the agency in November. It was not, however, viewed as a serious setback for the giant telecommunications company, which earlier this month announced a large retrenchment programme involving $3.2bn of financial write-offs and the loss of 27,000 jobs.

AT&T's long-distance earnings, unlike those of its smaller competitors, are subject to a regulatory limit on the rate of return. During the first nine months of this year, the company had a rate of return of around 16 per cent from its long-distance operations, compared with the federally mandated ceiling of 12.75 per cent. This limit is due to be reduced to 12.2 per cent in 1987. If the company continued to enjoy earnings well above these limits, it would eventually have to pay refunds to consumers.

The biggest impact of long-distance rate cuts may therefore fall not on AT&T itself but on its main competitors – MCI Communications and US Sprint, which is a joint venture of GTE Corporation and United Telecommunications. AT&T has recently pursued a policy of more aggressive price competition against low-cost long-distance companies and has been recapturing some of its lost market share.

The FCC ruling will cut long-distance telephone bills by $1.85bn, against the $1.2bn reductions proposed by AT&T. After the new rates are implemented, long-distance rates will have dropped by 30 per cent since the breakup of the Bell system in 1984, the FCC said. The Consumer Federation of America, in a separate report published on Monday, estimated that total telephone charges, including local calls, had risen by 20 per cent since 1984.

AT&T's shares fell $⅜ to $25 after yesterday's FCC announcement while MCI declined $⅛ to $6⅝ and United Telecommunications gave up $⅜ to $25⅜.

Pressure on franc

Continued from Page 1

out moving the intervention rate from its present 7.25 per cent had already secured an improvement in the currency markets.

The Bank of France's new system of money market intervention has only been in place for a month, but already it has been put to the test.

The more sensitive seven-day rate has been raised by a full point, lowered in two stages and now raised again, while the intervention rate was raised by a quarter of a point two weeks ago.

Mr François Lavondes, the mediator in the rail dispute appointed by the French Government on Monday, announced that the controversial plan to link pay scales more closely to merit would not be implemented before January 1 1988.

Trade unions insisted, however, that the plan would have to be withdrawn altogether.

Mr Lavondes – whose official mission is to arbitrate only on the plan to introduce merit-linked pay scales and not on the other issues of working conditions or on pay levels – said he would contact the unions today.

Fermenta says 1986 profits 'wiped out'

Continued from Page 1

forced withdrawal of Mr el-Sayed.

The dramatic reversal in Fermenta's fortunes, which has sent shock waves through the Swedish industrial and financial establishment, has triggered at least four current investigations into the group's affairs including a criminal investigation by the public prosecutor, an investigation of possible insider trading illegalities by the banking inspectorate, and an investigation by auditors appointed by the stock exchange.

Trading in the company's shares has been suspended since December 15, when the latest storm around Fermenta broke with an announcement from the board that the group's external auditors had discovered irregularities in the company's accounting which could virtually wipe out the entire reported profits for the first eight months of SKr 353m.

Yesterday, Fermenta said that it had been forced to lower its interim profits for the first eight months to only SKr 159m, but for the full year, profits would drop to only SKr 40m as a result of the introduction of more cautious accounting for goodwill and research and development costs, as well as write-offs, cautious treatment of debts and depressed operating results.

According to a report from Fermenta's external auditors, items in the accounts totalling around SKr 500m have been under investigation.

The auditors said that income had wrongly been booked in the first eight months' accounts for transactions that had not been completed.

According to their report, Mr El-Sayed had admitted that a loan for $15m (SKr 105m) taken by Fermenta at the London bank, Arbuthnot Latham (now a subsidiary of Nordbanken, the Swedish bank), was paid into a Swiss bank account and was used directly or indirectly to pay off Fermenta receivables.

The auditors said that income totalling SKr 194m had been incorrectly booked in the accounts for the first eight months. An additional SKr 150m had been included in the forecast profits of SKr 700m for the full year sales of technology, which will also not be carried out.

Under one item, Fermenta was said to have entered a technology sales agreement with a Mexican company, Fermic, in 1985 for SKr 50m. Payment did not come in during 1985.

Part-payment was received apparently from Fermic earlier this year, but Mr el-Sayed has now admitted that the payment came from the proceeds of the loan taken from Arbuthnot Latham via the Swiss bank account.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	C	13	55	Dubrovnik	C	12	54	Malta	C	14	57	Rhodes	S	13	55
Algiers	S	17	63	Edinburgh	R	5	41	Manchester	C	10	50	Rio de J'o	R	29	84
Amsterdam	R	9	48	Faro	S	16	61	Manila	S	29	84	Rome	S	12	54
Athens	S	16	61	Florence	C	8	46	Melbourne	–	–	–	Salzburg	C	7	45
Bahrain	S	21	70	Frankfurt	R	8	46	Mexico City	F	22	72	San Francisco	F	6	43
Bangkok	S	32	90	Funchal	C	17	63	Miami	R	17	63	Seoul	R	2	36
Barcelona	S	10	50	Geneva	S	6	43	Milan	S	6	43	Singapore	F	29	84
Beirut	C	16	61	Gibraltar	S	14	57	Montreal	C	0	32	Stockholm	Sn	0	32
Belfast	C	9	48	Glasgow	R	4	39	Moscow	Sn	-13	9	Strasbourg	F	9	48
Belgrade	S	13	55	Guernsey	R	10	50	Munich	C	9	48	Sydney	S	25	77
Berlin	F	4	39	Helsinki	C	-9	16	Nairobi	F	25	77	Taipei	S	24	75
Biarritz	F	12	54	H. Kong	F	20	68	Naples	F	14	57	Tangier	F	17	63
Bombay	S	28	82	Innsbruck	F	6	43	Nassau	R	29	84	Tel Aviv	F	15	59
Bordeaux	S	11	52	Inverness	C	4	39	New Delhi	S	18	64	Tenerife	S	21	70
Brussels	R	9	48	Isle of Man	F	19	66	New York	C	3	37	Tokyo	S	11	52
Budapest	R	7	45	Istanbul	S	11	52	Nice	C	9	48	Toronto	C	-1	30
B. Aires	S	29	84	Jakarta	R	32	90	Nicosia	F	14	57	Tunis	F	14	57
Cairo	F	16	61	Jersey	R	10	50	Oporto	C	11	52	Valencia	S	15	59
Cape Town	S	22	72	Jo'burg	F	23	73	Oslo	S	-3	26	Venice	S	5	41
Caracas	S	24	75	Lima	S	28	82	Paris	C	10	50	Vienna	S	10	50
Casablanca	S	12	54	Lisbon	Fg	8	46	Peking	C	-3	27	Warsaw	F	-1	30
Chicago	C	-1	30	London	R	11	52	Prague	Sn	0	32	Washington	F	-1	30
Cologne	R	9	48	Los Angeles	F	11	52	Reykjavik	S	-2	28	Zurich	F	8	46
Copenhagen	F	5	41	Luxembourg	D	6	43								
Corfu	F	14	57	Madrid	S	5	41								
Dallas	–	–	–	Majorca	S	15	59								
Dublin	R	11	52	Malaga	S	14	57								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Morgan Grenfell director resigns

Continued from Page 1

which aroused controversy. However, Morgan Grenfell said last night that his resignation did not relate to any share dealings that he had carried out on his own account.

Several Morgan Grenfell clients, including Storehouse (formerly Habitat-Mothercare), and Underwoods, the retail pharmacist, appointed him as a director on their boards. He has not resigned any of these positions.

Meanwhile, Guinness yesterday consulted its lawyers on the implications of the news released yesterday that £7.5m from a Guinness account was used to buy its own shares. But it refused to make any further statement

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday December 31 1986

Proventus builds new force in Swedish banking

Sara Webb reports

A POPULAR executive toy in Swedish financial circles this Christmas has been the telescope, on the grounds – however fanciful – that it is an implement essential to fending-off unwelcome takeover bids.

For it was through a telescope that Mr Gabriel Urwitz, the managing director of Proventus, the Swedish investment company, claims to have spied on the directors of PKbanken as they drew up plans to create Sweden's biggest bank through the acquisition of Gotabanken.

Proventus has a 46 per cent stake in Gotabanken, the country's fourth largest bank, and in the event last October it blocked PK Banken's takeover bid on the declared grounds that the Skr 2bn ($289m) offer was too low.

Yet at the time Proventus had well-laid plans of its own to form a banking and financial services group in which Gotabanken was to play an important role.

These plans have now been officially unveiled. The new group will centre on a holding company, to be called Gota, in which Proventus will be the main shareholder.

Gota will control up to 75 per cent of Gotabanken, up to 75 per cent of Wermlandsbanken (a regional bank which ranks sixth overall with total assets of SKr 11bn), and all of B & B Invest, the investment company in which proventus recently bought a 42 per cent stake and which in turn controls 52 per cent of Wermlandsbanken.

Proventus plans to sell its stake in Gotabanken to Gota, which in turn will offer Gota shares and cash to shareholders in Wermlandsbanken, Gotabanken and B & B Invest for outstanding shares in a deal worth SKr 2.12bn. Gota's 33m shares are worth SKr 4.3bn according to Proventus.

Profits after financial items for 1986 calculated on the basis of the proposed group structure would have been SKr 1.1bn. Gota will have assets of SKr 70bn, which means it lies in fourth place after Skandinaviska Enskilda Banken, Svenska Handelsbanken, and PKbanken.

However, Gota aims to compete in investment banking and with the finance companies rather in commercial banking and plans to develop fund management services for institutions.

The original plans for Gota, in which Gota intended to control 100 per cent of both banks, evoked strong criticism from both the Finance Ministry and the Government-appointed credit market committee which favour broad ownership of the Swedish banks.

When Proventus doubled its stake in Gotabanken last autumn to 42 per cent of the votes, the head of the bank inspection board at the time, Mr Sten Walberg, recommended new legislation to restrict the ownership in a bank to 10 per cent. The Government did not pass legislation but remains in favour of broader bank ownership.

The holding company was the only way Proventus could diversify in the banking and financial service field under one roof. Under Swedish banking regulations a bank cannot own companies except for certain types of finance companies.

Gota, however, can control several companies. B & B Invest's stockbroking and Gotabanken's stockbroking will form the basis for the fund management and capital markets company. Japo, the stockbroking company which Proventus acquired recently for SKr 550m and Haeggloefs, another B & B Invest brokerage, will make up the investment banking side.

There will be separate mortgage and real estate companies under the umbrella.

But while the offer is for 75 per cent of Gotabanken and Wermlandsbanken, it is a 75 per cent threshold "for the time being."

The men behind Proventus make no secret of their intention to build up Gota through acquisition and with their prime office site in the centre of Stockholm's financial banking district, the other banks may feel inclined to shutter their windows in case Mr Urwitz gets out his telescope again.

Himont plans offer of shares to public

BY JOHN WYLES IN ROME

AROUND 20 per cent of the equity of Himont, the US-based joint venture established three years ago by Italy's Montedison and the American chemical company Hercules, is to be offered to the public through a sale of shares in New York and London.

Announcing the offering yesterday, Montedison said that 12.5m shares would be sold through underwriting syndicates comprising Wertheim and Co, First Boston and Goldman Sachs in the US and by their British-based offshoots in London.

The Italian chemicals group said the timing and the price would not be revealed until the offering had been approved by the US Securities and Exchange Commission. Himont would be listed on the New York Stock Exchange and the underwriters had been granted the option of purchasing up to 15 per cent of the offering.

It was also revealed that Mr Alexander Giacco would take over as chairman and chief executive of Himont after he retires as chairman of Hercules next March.

According to the latest available figures, Himont achieved sales of $900.1m in 1985 and net income of $52.8m. It is the largest producer of polypropylene and polypropylene-based products in the western world with a market share of around 20 per cent.

The Delaware-incorporated company brought together the major part of Hercules' and Montedison's polypropylene businesses and assets with two plants in the US, four in Italy, two in Belgium and one in Canada.

With a production capacity of 2.25bn lbs a year of polypropylene resin—used to make plastic products for the production industry and domestic use—Himont has been applying advanced new technology developed by Montedison in partnership with Mitsui.

After the public offering, Hercules and Montedison will each control around 40 per cent of the joint venture.

Madrid bourse not to re-base share index

By David White in Madrid

THE MADRID stock exchange is set to abandon two of its more peculiar habits in the new year to bring its practices more into line with other European bourses.

The general stock index, which has always been re-based at 100 at the start of each year, is to be left where it stands when trading re-opens after the New Year holiday on January 2. Thus, for the first time, the bolsa will be using a permanent index — with a base of December 31, 1985 — as its main barometer.

This means that, barring a dramatic last-minute reversal, the index will start 1987 above the 200-mark, a level it never achieved until this year. This avoids the risk of a psychological setback, which might have occurred with the old system.

Subsequently, the bolsa authorities plan by the end of the first quarter to switch price quotations to real values in pesetas instead of the current system of percentages of nominal share values.

$850m debt plan for Wah Kwong agreed

BY OUR HONG KONG CORRESPONDENT

THE YEAR-OLD fight to save Hong Kong's financially-troubled Wah Kwong shipping group appears to have been won now that the three remaining Japanese creditors have agreed to participate in a US$850m debt restructuring plan.

The two main creditors—trading house Toya Menka, Kaisha the trading house, and Kawasaki Heavy Industries—had jeopardised the future of the Wah Kwong group by refusing to sign the agreement because of fears they would consequently lose export insurance cover from Japan's Ministry of International Trade and Industry (Miti) amounting to some 80 per cent of their US$120m to US$130m exposure.

Under the new agreement, two ships contracted to Tung by Toyo Menka and Kawasaki, with outstanding instalments of US$30m, are being excluded from the main restructuring plan. Their sale on the open market is expected to raise a total US$10m, and the concerns will have the balance converted into Wah Kwong shareholdings.

The deal was struck with Miti's approval and it is understood that the Japanese concerns are therefore still covered by export insurance for any remaining losses incurred when the ships are sold.

The plan has to be approved by more than 50 per cent of Wah Kwong's creditors by today.

The C. H. Tung group, another Hong Kong-based shipping concern, earlier reached an agreement with Toya Menka that should seal its US$2.6bn debt restructuring plan that has taken more than a year to negotiate with some 160 creditors.

Instead of seeking a settlement for five ships ordered on behalf of Tung, Toyo Menka has agreed to use them as its contribution to a US$277m syndicated loan arranged by 37 main creditors to finance 12 ordered ships, including those ordered from Toyo Menka.

Indosuez joins West German bank interests

By David Marsh in Bonn

BANQUE INDOSUEZ, the internationally operating French bank, is reorganising its banking interests in West Germany through a merger of two private banks in which it holds stakes.

A new bank, Marcard, Stein und Co., is to be set up from tomorrow as a result of a pooling of forces between the Hamburg-based Marcard bank and the Stein bank in Dusseldorf.

The new bank, in which Indosuez will have a stake of about 75 per cent, will have a capital of DM 74m and a combined balance sheet of DM 1.6bn ($825m).

Mr Enno von Marcard, one of the directors of the new bank, said the merger would give Marcard a seat on the Dusseldorf bourse. It would also allow improved collaboration between Marcard's foreign-oriented business and Stein's securities operations.

Although some of Stein's employees would move to Hamburg, the merger was unlikely to involve any need to cut staff

Fraser & Neave ahead

BY STEVEN BUTLER IN SINGAPORE

FRASER & NEAVE, the Singapore beverages group, has increased after-tax earnings by 28.6 per cent to S$19.5m (US$9m) in the six-month period ended in September, compared with the same period of 1985.

The group, which is part of the Overseas Chinese Banking Corporation stable of companies and has extensive interests throughout South-east Asia, saw its turnover decline slightly, by 1.1 per cent, to S$125.8m. Investment income increased, however, while taxes fell.

The group said that profits in Singapore and Papua New Guinea may improve, but that these were likely to be offset by depressed consumer spending in Malaysia due to the fall of commodity prices.

The directors of the company proposed a first and final dividend of 6 cents a share for the six-month period, after which the group's financial year will be changed to end in September.

Thai Air profits surge

BY OUR FINANCIAL STAFF

HELPED by a strong increase in revenue, Thai Air International reports sharply higher profits for the year ended September, 1986.

Profits before tax jumped by 50 per cent to 1.5bn baht ($58m), the airline said. Turnover for the year rose by 19 per cent to 20.8bn baht.

Thai Air points out that both freight volume and revenue rose steadily and that costs grew relatively slowly. Costs went up by 13 per cent to 19.2bn baht, helped by reduced fuel bills.

Thai International said its results were "complicated by the severe impact from currency fluctuations," but did not elaborate. The airline did not announce after-tax earnings.

Freight traffic, measured in revenue ton-kilometres, rose an overall 7.3 per cent, with revenue from cargo rising 11 per cent and revenue from mail traffic jumping 34 per cent.

Fiat set to launch Alfa Lancia tomorrow

BY OUR ROME CORRESPONDENT

A NEW ITALIAN car manufacturer, Alfa Lancia Industriale, is to be born tomorrow with strong ambitions to become an important presence in European and US markets for luxury and high performance motor cars.

A product of the most important Italian privatisation since the Second World War – Fiat's purchase of Alfa Romeo from IRI, the state-controlled holding company – Alfa Lancia is due for a L5bn ($3.5m) investment programme over the next four to five years designed to harness fully Alfa's production capacity behind a new range of cars.

Mr Vittorio Ghidella, managing director of Fiat Auto will be the president of the new company, while Alfa's current managing director, Mr Giuseppe Tramontana will hold the same post at Alfa Lancia.

Mr Tramontana's decision to accept what is, in effect, a subordinate role to Mr Ghidella has surprised many observers who had predicted his departure. However, it is thought that he wants to pursue the challenge of a recovery programme which began with his appointment last year and which is expected to have halved the company's 1985 losses of L465bn.

INTERNATIONAL COMPANIES and FINANCE

BIS REPORT ON INTERNATIONAL LENDING

Marked shift to longer maturities

BY ALEXANDER NICOLL

RESCHEDULING of developing country debts helped to produce a substantial lengthening in the maturities of international bank loans in the first half of 1986, according to figures published by the Bank for International Settlements (BIS) today.

The Basle-based BIS, in a regular report on the maturity distribution of international lending, says lending by banks to countries outside its area—which consists of the major industrialised countries — showed a slight fall of $1.7bn after adjustment for exchange rate effects.

Though banks lent more money to Eastern Europe and to developed countries than in the second half of 1985, the increase was more than offset by a reduction in loans to developing countries.

Despite these differing patterns, all groups of borrowing countries enjoyed a lengthening in their debt maturities. BIS says loans to borrowers outside its area with two years or more to run expanded to 46.3 per cent of the total from 43.2 per cent at the end of 1985.

The phenomenon was most marked for Argentina, which not only borrowed new money but also obtained a debt rescheduling with the result that bank loans of two or more years duration expanded from 37.2 to 58.5 per cent. For Mexico, the proportion of longer-term loans increased to 66 per cent from 60.2, while that for Colombia rose to 55.4 per cent from 48.5.

However bank lending to these two countries, and to Brazil declined although the BIS says lower lending to developing countries reflected not only the non-renewal of maturing loans but also write-downs, and transfers of claims to export credit insurance bodies. In addition, banks have sold loans off their books and converted them through debt-equity swaps.

The biggest recipient of new funds were the Eastern European countries and most of the adjusted $2.8bn in new lending was long term with the result that loans of over two years expanded to 43.8 per cent from 40.2. The Soviet Union was the biggest borrower and extended its proportion of longer-term loans to 40.3 per cent, from 35.9.

Among developed countries Yugoslavia significantly extended its maturities through a debt rescheduling and New Zealand's profile also lengthened. Those of Australia, Norway and Turkey shortened.

The fluctuations of China's economy, which suffered a setback last year, are suggested by BIS figures. It borrowed $3bn in the last half of 1985, but repaid $1.7bn in the first half of 1986.

France lists 13 groups as primary dealers

BY GEORGE GRAHAM IN PARIS

THE FRENCH finance ministry has named 13 groups as primary dealers in the Paris Treasury bond and bill market.

The list includes the major French commercial and investment banks as well as two consortia grouping stockbrokers and banking interests. One foreign bank has been named as a primary dealer—Morgan Guaranty, one of the oldest established overseas banks in Paris.

The naming of the dealers is expected to mark a significant step towards creating a truly liquid market in French Government debt. The dealers will be obliged to quote two way prices, whatever the market conditions, or face the wrath of the French Treasury.

The spreads between buying and selling prices have already narrowed significantly in France as a wave of reforms begun by the last Socialist government under finance minister Mr Pierre Beregovoy has opened up the financial markets. However, prices still have a tendency to disappear from dealing screens at difficult moments.

Besides the obligation to make a continuous market in French Treasury bonds and bills, the 13 primary dealers will be expected to act as advisers to the Treasury on the management of the Government debt market and to take part regularly in the monthly adjudications of Treasury bonds. They will receive preferential treatment at these adjudications.

The list includes the four leading state-owned commercial banks—Banque Nationale de Paris, Credit Lyonnais, Societe Generale and Credit Commercial de France—as well as the major state financial companies Caisse des Depots and Credit Agricole.

Also named are the two major French investment banks, Paribas and Indosuez (the Suez group's associate Caisse de Gestion Mobiliere, Banque d'Escompte, one of the traditional Paris money market banks, and Morgan Guaranty.

The list is completed by two consortia, Finance Contreparties, a market maker jointly owned by Le Guay Massonaud the stockbroker and Dumenil Leble the rapidly expanding financial group, and Groupement Finance Plus comprising three stockbrokers — Tuffier Ravier, Auboyneau Labouret-Ollivier and Ferri-Ferri-Germe —as well as the Compagnie Financiere of Mr Edmond de Rothschild, Societe Marseillaise de Credit and Lloyds Merchant Bank of Britain. Outside investors include Gaz de France, Ecco, the services group and Compagnie Francaise des Petroles.

Decline in car registrations hits Cycle and Carriage

BY OUR FINANCIAL STAFF

CYCLE & CARRIAGE, the Singapore car distribution and trading group, said that after-tax loss in the year ended September 1986, widened to S$18.1m (US$8.3m) from S$685,000 in the preceding year. Turnover slipped 31.3 per cent to S$137.6m.

The group suffered an operating loss of S$7.5m compared to a loss of S$2.5m. Contributing to the widened after-tax loss was depreciation on fixed assets, which increased to S$6.2m from S$5.2m. Cycle also reported a loss of S$9.9m from associated companies, whereas in the previous year associated companies brought in a profit of S$7.5m.

The group reported an extraordinary loss of S$3.2m, compared to S$920,000, and the loss attributable to shareholders widened to S$20.3m for the period, against a S$1.6m.

The dramatic decline, of new car registration in Singapore and Malaysia forced the group to undergo restructuring and to lay-off workers. Cycle added, should bring the group back to however, that the restructuring profit next year.

No final dividend was recommended as happened in 1985, bringing total dividend to 9 cents, compared to 5 cents.

Continental Illinois bailout cost put at $1.39bn-plus

BY ANATOLE KALETSKY IN NEW YORK

CONTINENTAL Illinois, the Chicago bank holding company which was effectively taken over by the Federal authorities in 1984 in the largest bank rescue in US history, has revised upwards its projections of the ultimate costs of the bailout operation.

The company issued this week its latest estimates of the losses on the $2bn worth of dubious loans which it had transferred to the Federal Deposit Insurance Corporation. The range of losses is now put at $1.39bn to $1.71bn, depending on the interest rate which the FDIC has to pay to the Federal Reserve system on the $3.5bn of Continental's Fed borrowings which the FDIC took over as part of the rescue package.

Based on a central interest rate assumption of 8 per cent, the FDIC's losses would be $1.58bn, up from an estimate of $1.24bn made a year ago, which also assumed an 8 per cent interest rate. The difference between the two figures is due primarily to the continuing decline in the quality of Continental's energy loan portfolio.

However, a partially offsetting factor has been the steep decline in market interest rates this year. Thus the rate actually paid to the Federal Reserve Bank of Chicago by the FDIC in *the third quarter of 1986 was* only 5.6 per cent. This suggests that the lower end of the loan loss estimates — $1.39bn on the assumption of a 5 per cent interest rate — could yet prove to be realistic.

The FDIC, which has set aside a reserve of $1.8bn to meet the *ultimate* costs of the Continental rescue, said that it would be making its own independent estimate of the losses. What does seem clear is that the original shareholders in Continental Illinois will ultimately lose almost the whole of their investments, since the FDIC has an option which will effectively value the whole company at less than $10,000 if the losses on the assumed loans eventually exceed $800m.

Eurodollar market remains in grip of holiday mood

BY CLARE PEARSON

TODAY IS the last chance for Eurobond houses to boost their position in the 1986 book running league tables, so the market will be watching carefully for any last minute deals.

Yesterday, however, no new bonds emerged in very low turnover. In the Eurodollar market, dealers have virtually ceased making markets during the holiday period, and are confining themselves to executing orders on behalf of customers.

The D-Mark sector was equally apathetic yesterday, although a DM 900m deal for Deutsche Bank, which woke up the market on Monday, provided a focus of attention.

The two-tranche deal was meeting firm demand, particularly from Swiss investors. Yesterday the five-year 5¾ per cent tranche was quoted at a bid price of 99⅝, compared with a 101 issue price. The eight-year 6¼ per cent tranche traded at 99¼, 1¾ per cent below its issue price.

Prices were firmer again in Switzerland with an unusually large number of bonds traded.

A SFr 165m issue for General *Motors dropped ½ point* yesterday to close at 102½, while Standard Chartered's SFr 300m equity-linked issue gained ¼ point to close at 98¼, compared with a par issue price.

Swiss banks agree joint policy on reallowances

BY OUR EUROMARKETS STAFF

THE LEADING Swiss banks have agreed on a joint policy regarding reallowance amounts following the repeal this month of a convention of the Swiss Bankers Association. This convention specified the amount of the reallowance granted to third parties not directly involved in an underwriting bond for a foreign borrower.

The agreement, which follows the abolition of Convention 8, gives the banks in the main syndicate more flexibility in apportioning the reallowance according to the degree of co-operation shown by participants It also broadens the types of subscriber who can benefit from it.

Previously, only certain subscribers covered by Convention 8 were eligible for the reallowance. Now others, including institutional investors and private clients if they subscribe for a minimum amount, will be allowed to benefit.

The banks have agreed that the reallowance may now be allocated up to a maximum of the selling concession during the whole subscription period. Previously, this amount was available only during the first few days of syndication, in the case of a fixed rate issue, or if a subscription were made before the final terms were fixed in the case of a deal launched with an indicated pricing. After that, the reallowance was limited to ¾ per cent.

The changes come into effect tomorrow.

JAL state share sale set to bring in $1.82bn

By Our Financial Staff

THE END of effective state control at Japan Air Lines took a step closer to fruition yesterday with the announcement that the Japanese Government is to sell its 34.5 per cent stake in the national flag carrier for Y290bn ($1.82bn).

In a short statement issued in Tokyo, Government officials gave no indication of the timetable of the disposal or its means. They said that of the proceeds, Y64bn would be used to build Kansai international airport near Osaka.

The sale of the Government's shareholding has been long awaited and now looks set to take place early in the New Year. The company, the world's largest airline in terms of the number of revenue tonne kilometres flown, is already publicly listed on the Tokyo stock market.

JAL dipped into the red last year — ended March, 1986 — as a direct result of the drop in revenue following the crash of a JAL Boeing 747 in August 1985. The crash occurred in central Japan and cost 520 lives.

Pre-tax losses totalled Y1.63bn, a turnround from profits in the previous year of Y22.5bn. Domestic passenger revenue fell 13.4 per cent

Domecq shows strong upturn

DOMECQ, the sherry group in which *Allied Lyons holds a* minority stake, has consolidated its recovery with a 50 per cent increase in net profits for the year to August to Pta 769m ($5.8m) compared with Pta 513m last time, David White reports from Madrid.

The unlisted company is to maintain its dividend at the 5 per cent distributed last year—its first payout for seven years —and plans a one-for-20 scrip issue.

Sales showed modest growth to Pta 22.83bn from Pta 22.82bn exports were up at Pta 4.11bn compared with Pta 4.01bn a year earlier.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on December 30

US DOLLAR STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price changes... on day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

Average price changes... On day 0 on week 0

YEN STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS

	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES

	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

Average price changes... On day +0.01 on week +0.02

CONVERTIBLE BONDS

	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

OTI/m^t/4dp

Management buy-in lacks support at Simon Engineering

BY CLAY HARRIS

MR PHILIP Ling's management "buy-in" effort at Simon Engineering has failed so far to win the support of the company's shareholders.

For every 1,800 Simon ordinary shares, only one had been committed to the £173m offer by the second closing date on Monday. In addition to that 0.06 per cent, Valuedale, the company set up specifically for the bid, and parties acting in concert own or control a total of 0.98 per cent of Simon.

Schroders, advising Valuedale, attributed the low level of acceptances to a combination of Christmas holidays, uncertainty about a merger review by the Office of Fair Trading and hesitation until Simon produces a profit forecast.

That forecast is due by Friday, but could come later if Mr Paul Channon, the Secretary of State for Trade and Industry, does not give his decision on the bid this week. The OFT report was sent to Mr Channon before Christmas. Simon will have two days after his decision is announced to release its final defence document.

Mr Martin Anderson of Hill Samuel, Simon's advisers, was scornful of Schroders' arguments yesterday. "If their offer had been so overwhelming in its attributes, people would have gone out of their way to accept it regardless of the OFT and regardless of Christmas. The fact is, it's a miserable offer."

Valuedale is offering 180p cash and one of its own shares, valued at 100p by its stockbrokers, Hoare Govett, for each Simon share. Under the "buy-in" structure, the Valuedale shares would have to rise to 160p before the bidders took possession of their 38 per cent stake in the Cheshire-based engineer and process plant contractor.

Simon shares gained 5p to 308p yesterday.

Siebe paying £19m for another US company

BY CLAY HARRIS

Siebe, the acquisitive controls and engineering group, is to pay $27.5m (£19m) for W. H. Salisbury, a Chicago-based maker of high voltage electrical safety equipment.

The cash purchase, Siebe's third US deal in three months, was rushed through before the end of the year to allow the family owners to take advantage of more favourable tax treatment.

Salisbury's products include gloves, insulation blankets and insulation for tools. It reported pre-tax profits of $3.6m on sales of $18m in the year to June 30 1986.

Mr Barrie Stephens, Siebe chief executive, said last night that Salisbury's assets were likely to exceed the purchase price. There was $4m in cash.

Mr Stephens also said that Siebe was in the process of converting about £75m in short-term debt into 20-year fixed-coupon debt. The new debt was likely to be in a mixture of currencies and be placed in the Euromarket as well as the UK domestic market, but he *emphasised that it would not be* loan stock or equity linked in any way.

F. Copson offer

Only 0.7 per cent of F. Copson shareholders have accepted the offer by Mr Richard Thompson for those ordinary shares not already owned by him. The offer was made purely to satisfy the requirements of Rule 9 of the City Code on Takeovers and Mergers.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interim:—Arbuthnot Dollar Income Trust.

Finals:—None announced.

FUTURE DATES

Interims:—

Hambro Currency Dist. Fund	Jan 9
Hambro Currency Fund	Feb 4
Hollas	Jan 7

Final:—

Horizon Travel	Jan 7

Martin Dickson looks at the trends in UK takeovers during 1986

A year of mega-bids and City scandals

IT BEGAN with the feverish excitement produced by a wave of "mega-bids." It ended sourly, with a wave of City scandals stemming in large measure from the takeover boom.

1986 will go down as the most remarkable year for takeover activity in Britain since the last great merger wave in the late 1960s and early 1970s. Acquisitions in the first nine months of the year were worth some £11bn, against £6bn in the same period of 1985. The full year tally seems set to top the previous record year of 1968, which produced deals worth some £11.5bn when adjusted for subsequent inflation.

It was also remarkable in terms of the size of the target companies and the drama and bitterness of the battles which raged around them. In the case of the three-cornered takeover battle for Distillers, the Scottish drinks group, the bitterness lingers on in the form of the Department of Trade investigation into the affairs of Guinness, which emerged as victor.

And it was remarkable for some major changes in companies' take-over techniques, in the rules governing bid battles, and in the *dramatis personae* involved. The year witnessed the arrival in London of a host of Antipodean predator companies, and a considerable bolstering of the position of American investment banks seeking to win British corporate finance clients.

In the year of Big Bang—the deregulation of the London financial markets—it is perhaps not surprising that particular drama has surrounded the Take-over Panel and its role.

For months before Big Bang, Cassandras had been confidently predicting that deregulation must lead to the imposition of a statutory framework governing take-over bids and the death of the self-regulatory Panel. They pointed to an increasing tendency by protagonists to take to the courts and argued that the Panel was

Mr John Walker-Howarth of the Takeover Panel

insufficiently tough.

The Cassandras may still be proved correct, but the Panel appears at the very least to have won a reprieve as a result of events during the past 12 months.

It has made some stern, and highly controversial, rulings which have helped bolster its authority. Last spring, at the height of the mega-bid boom, it imposed a ban on most forms of takeover advertising, amid howls of outrage from the advertising agencies and newspapers, for which this had become a very lucrative source of income.

In the autumn, it delivered its most stinging rebuke for a long time to merchant bank Hill Samuel, which was advisor to AE, the engineering company, in its defence against a bid by Turner and Newall. Hill Samuel had failed to disclose indemnity agreements covering the purchase of blocks of AE shares which helped thwart Turner's bid.

The Panel allowed Turner to bid again and it went on to victory, despite the intervention of Mr Robert Maxwell as a white knight.

And the Panel's legal position was clarified in an important judgment by the Appeal Court in early December following the first direct legal challenge to a Panel judgment. Significantly this came from an American securities house, Pru-Bache, which was advising a management buy-out team attempting to thwart a bid for McCorquodale from fellow printer Norton Opax.

The court ruled that the Panel's decisions were subject to judicial review. The Panel had argued against this, but its defeat could, somewhat paradoxically, bolster its position. The judges ruled that the courts could only intervene in limited circumstances and could only make declaratory orders in retrospect, enabling the Panel to avoid a repetition of an error. A Panel decision should only be quashed if it breached the rules of natural justice or fairness.

As for new takeover tactics, several of the more important changes arose in the bids for Distillers, where Guinness's agreed offer defeated a hostile one from Argyll Group, and for Imperial Group, where Hanson Trust's hostile offer saw off a friendly merger from United Biscuits.

In each bid Morgan Grenfell, the merchant bank, acting for both United Biscuits and Guinness, bought shares heavily in the target company on behalf of its clients, raising issues of financial prudence, since its declared net worth was well below the cost of the purchases. This prompted the Bank of England to impose new rulings limiting a bank's exposure to any one company.

In the case of United Biscuits, the Stock Exchange stepped in to force companies to consult shareholders before indemnifying a bank against share purchases involving more than 25 per cent of the company's net worth.

The delicate qustion of share-buying by the parties to a bid, or their associates and fans, has also been highlighted by the AE-Hill Samuel row and the present controversy over the ownership of shares in Guinness which were bought at the time of the Distillers bid.

The Guinness bid for Distillers also provoked widespread controversy when it emerged that Distillers had agreed to pay Guinness's costs in mounting the offer.

Both the *Guinness-Distillers* and the UB-Imperial bids were initially referred to the Monopolies Commission on competition grounds. In each case the putative partners agreed to sell parts of the combined business to overcome any potential competition problem — an unprecedented form of repackaging which allowed both bids to escape a monopolies reference.

As for the Monopolies Commission's judgements during the year, it gave Norton Opax the green light to launch its successful bid for McCorquodale, for P & O to keep its stake in European Ferries (it later launched an agreed bid) and for Elders IXL to launch a highly-geared bid for Allied-Lyons. Elders, however, chose not to go ahead and instead *spent £1.4bn on Courage*, the brewer. The Commission recommended the blocking of GEC's bid for Plessey and the Government agreed.

Another feature of the year was the growth of hostile bids for sizeable companies by "shell" businesses with new managements claiming particular expertise.

Demerger Corporation, backed by the small corporate finance house Hincorp, Earl, launched an unsuccessful bid for Extel, the information business, with the aim of carving it up. Demerger Two is making a similar £90m bid for London and Northern, the construction, energy and healthcare business.

A new twist to the growing phenomenon of management buy-ins came towards the year end when Mr Philip Ling, currently managing director of Haden, the engineering group, launched a bid for Simon Engineering. He heads a new company, Valuedale, which has assembled institutional backing to make a £173m partial offer. Valuedale would initially not exercise any votes in Simon, but it would take a 38 per cent holding if it could boost the share price by 60 per cent.

Yet amid all this sophistication, the year produced a marked cooling of enthusiasm for contested takeovers. This became particularly noticeable in June and July when, in the space of a few days, a succession of bids ended in failure. They included Dixons' £1.8bn offer for Woolworth Holdings, Lloyds Bank's £1.3bn offer for Standard Chartered (blocked by the late intervention of a group of international stakeholders) and Siebe's £220m offer for APV Holdings.

This month Sir Gordon Borrie, director general of Fair Trading, went so far as to fly a kite questioning whether the onus should not be on the predator to show a takeover would produce positive benefits.

Against this background, the present bid by BTR for Pilkington Brothers, which pits a highly successful diversified conglomerate against a world glass industry leader with a patchy profits record, could well prove a vital test of shareholder sentiment when it reaches a denouement in the new year.

TOP TAKEOVER BIDS OF 1986

Bidder	Target	Cost	Status
Hanson Trust	Imperial Group	£2.6bn	Successful
United Biscuits	Imperial Group	£2.6bn	Agreed but failed
Guinness	Distillers	£2.5bn	Agreed
Argyll Group	Distillers	£2.5bn	Failed
Unilever	Chesebrough Pond's (US)	£2.1bn* ($3.1bn)	Agreed
Dixons	Woolworth Holdings	£1.8bn	Failed
Elders IXL	Courage (from Hanson Trust)	£1.4bn	Agreed
Lloyds Bank	Standard Chartered Bk	£1.3bn	Failed
BTR	Pilkington Glass	£1.1bn	In progress
Gulf Resources	Imperial Continental Gas	£750m	Referred to Monopolies Commission
Rank Organisation	Granada	£750m	Blocked by IBA
Vantona Viyella	Coats Paton	£690m	Agreed
Dee Corporation	Fine Fare/Shoppers Paradise (from Assd. Brit. Foods)	£686m	Agreed
British & Commonwealth	Exco	£673m	Agreed
Hanson Trust	SCM (US)	£65m* ($930m)	Successful
Prudential	Jackson National Life (US)	£420m ($608m)	Agreed
Allied-Lyons	Majority stake in Hiram Walker drinks business (Canada)	£420m* ($606m)	Agreed
P & O	Stock Conversion	£402m	Agreed
ICI	Glidden (US, from Hanson Trust)	£400m* ($580m)	Agreed

* *Approximate sterling figure only (US dollar price in brackets).*

Fothergill sees recovery

Fothergill & Harvey, the Lancashire-based advanced and electrical insulation materials group which is fighting an unwanted £28.2m bid from *Courtaulds, yesterday forecast* a sharp second-half recovery—taking pre-tax profits to £2.7m in 1986.

For the first six months, Fothergill reported a 21 per cent profits fall at £1.1m—largely due to a deficit in its advanced materials division and, in particular, loss of business from offshore oil companies.

However, the company said yesterday that it expects to make £1.6m in the second half—23 per cent more than in 1985—bringing the annual total within a whisker of 1985's £2.74m.

Acording to Mr Peter Conway, chief executive at Fothergill & Harvey, the advanced materials side was now back in the black and the fourth quarter alone contributed around £1m to profits.

"While this quarter is traditionally one of the best in the year," comments the company, "this is the most encouraging indication of the strength of F & H's trading as 1987 approaches."

Fothergill is also forecasting an 11 per cent dividend *increase for the full year* having pegged the interim payment.

Yesterday, the profit news added a further 2p to the Fothergill shares at 253p, fuelling hopes of an increased offer

The cash offer is pitched at 225p a share, and Courtaulds has been unable to raise its stake in Fothergill beyond 0.8 per cent.

Commenting on the profits announcement, Courtaulds said it contained nothing unexpected, and that the board had said nothing about prospects for 1987. "Fothergill and Harvey continues to show a lack of appreciation of the significant financial resources and long-term investment horizon," added Courtaulds.

Yesterday, the profits news aded a further p2 to the Fothergill share price at 253p. The cash offer is pitched at 225p a share and Courtaulds has been unablae to raise its stake in Fothergill beyond 0.8 per cent.

Maxwell transfers his Extel holding

By Clay Harris

Mr Robert Maxwell has transferred his holding in Extel, the business and sports information group, to a new company in which he says he has no beneficial interest.

Extel was told that Pergamon Media Trust had a beneficial interest in 24.7 per cent of its shares and that the Maxwell Charitable Trust had an indirect interest in those shares.

A spokeswoman for Mr Maxwell confirmed that Pergamon Media Trust was a new company, said that she believed that it was UK-based.

Mr Maxwell originally bought into Extel during an unsuccessful takeover bid by Demerger earlier this year. Because he acccepted the Demerger offer, he is barred under the Takeover Code from mounting a bid for Extel until the end of April 1987.

Hanson Trust

Hanson Trust's US subsidiary HK-9 has received valid acceptances totalling 5.57m shares from shareholders in the California-based Kaiser Cement, for which Hanson made a $200m recommended offer in November. Hanson's beneficial holdings *in Kaiser now represent around* 79 per cent of the outstanding shares and 63 per cent of the fully diluted capital. Those shareholders who have not accepted the offer will receive $27.50 in cash.

English China

English China Clays has become the sole owner of Fuji Kaolin, Japanese maker of paper-coating pigments, by buying the 50 per cent stake held by ITC Enterprises, its US partner, for about £8m.

Fuji Kaolin is the largest indigenous supplier of calcium carbonate pigments.

Hillsdown in £8.5m acquisition

Hillsdown Holdings, the acquisitive foods and furniture group, announced yesterday that it is buying a Scottish animal by-products processor, Forrest Hodgkinson Holdings, for £8.5m. The purchase price will be paid in a mixture of cash and shares.

Forrest, which was founded in 1865, already has strong links with Hillsdown. Hillsdown, through abattoirs owned by its FMC subsidiary, supplies around 13 per cent of Forrest's tonnage. On the output side, Hillsdown's animal feeds subsidiaries plus its poultry companies take around £1m-worth of Forrest's £8.5m annual sales.

Hillsdown expects to see increased direct supply from Forrest to its various subsidiaries and maintains that the company will benefit from greater volume and continuity of offal supplies.

In the year to June, Forrest made pre-tax profits of £865,000 and its net asset value was £7.96m.

Payment will consist of £2m in cash plus the issue of 3.07m Hillsdown shares—which at yesterday's price of 211p, down 5p, gives a total purchase price of £8.5m.

AIBD BOND INDICES

WEEKLY EUROBOND GUIDE DECEMBER 30, 1986

	Redemption Yield	Change on Week	12 Months High	12 Months Low
US Dollar	8.460	−0.541	10.262	8.459
Australian Dollar	13.987	−0.143	14.587	12.830
Canadian Dollar	10.187	−0.176	11.704	10.082
Euroguilder	6.028	1.039	6.314	5.804
Euro Currency Unit	8.555	0.152	9.524	8.164
Yen	6.189	−0.610	7.002	6.188
Sterling	11.108	−1.280	11.932	9.751
Deutschemark	6.293	−0.159	6.947	6.292

Bank J. Vontobel & Co Ltd, Zurich - Telex: 812744 JVZ CH

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E
146	118	Ass. Brit. Ind. Ordinary	132xd	—	7.3	5.5	8.1
151	121	Ass. Brit. Ind. CULS	145xd	—	10.0	6.9	—
46	28	Armitage and Rhodes	35	—	4.2	12.0	4.9
71	64	BBB Design Group (USM)	68	+1	1.4	2.1	16.2
215	108	Bardon Hill Group	215xd	—	4.6	2.1	24.4
95	42	Bray Technologies	95	—	4.3	4.5	11.3
201	75	CCL Group Ordinary	130	—	2.9	2.2	9.2
152	86	CCL Group 11pc Conv. Pf.	99xd	—	15.7	15.9	—
267	80	Carborundum Ord.	267	+1	9.1	3.4	12.9
94	83	Carborundum 7.5pc Pf.	90xd	—	10.7	11.9	—
32	20	*Frederick Parker Group*	22s	—	—	—	—
125	50	George Blair	91	—	3.8	4.2	2.5
97	20	Ind. Precision Castings	97	—	6.7	6.9	8.7
218	145	Isis Group	145	—	18.3	12.6	8.3
126	101	Jackson Group	124xd	—	6.1	4.9	8.4
377	228	James Burrough	357xd	—	17.0	4.8	10.0
100	86	James Burrough 9pc Pf.	90	—	12.9	14.3	—
1035	342	Multihouse NV (AmstSE)	730	−10	—	—	38.3
380	260	Record Ridgway Ordinary	353	—	—	—	6.3
100	83	Record Ridgway 10pc Pf.	83xd	—	14.1	17.0	—
90	32	Robert Jenkins	86	—	—	—	3.8
42	28	Scruttons "A"	42xd	—	—	—	—
141	66	Torday and Carlisle	141	+1	5.7	4.0	8.5
370	320	Travian Holdings	325	—	7.9	2.4	6.8
79	25	Unilock Holdings (SE)	78	—	2.8	3.6	14.4
115	47	Walter Alexander	115	+3	5.0	4.3	11.0
226	190	W. S. Yeates	196	—	17.4	8.9	19.6
98	67	West Yorks. Ind. Hosp. (USM)	96	—	5.6	5.8	13.7

s=Suspended.

Marketing tools or missed opportunities?

Some calendars are more corporate than others. Feona McEwan reports

Three of the more successful seasonal offerings from: (l to r) Pretty Polly, 3i and Pirelli

A GOOD calendar, it seems, is one you can't pin down. The best test, according to one FT colleague, is to leave it on the desk and see how long it takes to walk. The record is a matter of minutes. The calendar, not surprisingly, was from Pirelli, *the Italian tyre manufacturer*, whose self-conscious visions of beautiful girls are now collectors' items, setting a standard by which others are still measured.

Another company, Unipart, *the spare parts and accessories* division of Austin Rover Group, reports that 50 of its raunchy "streetwise" calendars, shot this year by David Bailey, went missing before they left the local post office.

Business calendars are promotional tools, corporate forget-me-nots that act throughout the year to remind favoured clients, customers and contacts of the company's business. As such, they vary in mood enormously, from the stylish and sassy, to *the dire and humdrum, as a* trot round some of the leading European companies confirms.

The most prized calendars, I am reliably informed, are of the fleshy persuasion. Pirelli, Unipart and Lambs Navy Rum lead the field and certainly there is *no shortage in this office of* men queuing up to acquire the samples sent in.

Pirelli blazed the trail more than 10 years ago, with its lovingly photographed shots of undressed women which shifted the tacky garage mechanic product *into classy collector's* item. Calendar art had found a champion. The calendars assumed cult status, with people borrowing and begging copies. When the company temporarily abandoned its pricey product, Unipart stepped into the breach, in an unashamed attempt to cash in on the cachet of Pirelli. Early attempts failed. But when Patrick (Lord) Lichfield was hired in the mid-1980s, the world took notice. The cocktail was the same: exceptional photographer, exquisite girls, and exotic settings — Kenya, Bali, Nevada.

The public then began to clamour for what Unipart customers were privy to. When some 2,000 calendars were left over one year, the company offered them for sale and in two weeks they were sold out. And that was in February. The lesson learned, Unipart allocated 5,000 the following year for public consumption and these "went like hot cakes." *Three feature films for television* using the laconic Clive James and three coffee-table books, one written by Jilly Cooper, followed. The first two books sold a healthy 120,000 between them. This year the calendar budget is £120,000 in total and the print run limited to 17,000 (from 22,000) to maintain exclusivity. "Why devalue the currency?" says a company *spokesman*.

"What started as publicity for our customers," he continued, "developed into people buying our publicity. (Today's street price is £11.80). Now our costs are virtually nil, but in terms of mileage of editorial coverage it's been quite extraordinary with features in colour supplements and other articles, all of which generate interest in the company. Now the calendar is very much a marketing and public relations tool and designed as such."

Last year the calendar, whose 13 shots were selected from an original 6,000 shots, won the Kodak Award for Calendar Photography.

This year Unipart breaks with tradition and features products in its 1987 offering. Anyone who can use car parts to clothe (well, partly clothe) the female form has to do it with an iota of style to get away with it. David Bailey's effort was greeted hotly in this office. His overtly suggestive *poses of haughty glossy models* astride giant oil cans and spanners were greeted with dismissive grunts and comments of "soft porn," "reminiscent of Nazi Germany," and "disgusting." Far more promising, the moody, sensuous shots of last year's Lichfield models, distant nakedness dwarfed by gentle futuristic langscapes had them rhapsodising.

No pretensions about the Lambs Navy Rum girls; this calendar takes its cue from its traditional advertising campaign, shapely models cavorting on boats, in revealing slivers of cloth.

But it's a rare company that devotes so much energy and funds to its calendar. Many of the large multinationals with myriad operating divisions do without altogether, since needs are so disparate. Bass, the brewing-to-hotels group, is a *typical example*. "*Each region* has its own ideas and different requirements," explained a spokesman. Charrington, the London end of the Bass brewing group, favoured olde worlde, sepia pictures while Bass in the north liked to feature its pubs, and Tennents Caledonian focuses on the girls shown on the backs of its cans.

British Petroleum, too, finds its divisions plump for a variety of moods. "Girlie calendars for the motor mechanics, highly artistic shots for geologists and academics."

Broadly speaking, there are two kinds of business calendar. Those that have no ostensible relation between picture and company product and those that give you no chance to forget their business, by insisting on a product in every picture.

First, the "insistent" school of business calender. Brooke Bond Oxo, brand leaders in tea bags and leaves for some 30 years, looks no further than its long-running television advertising campaign. Its 1987 calendar features the familiar chimps-in-drag shots, taken from the forthcoming campaign. In the six or so years the calender has been produced, it has enjoyed considerable success, according to the company. When it is offered to the public through onpack offers, demand runs into many thousands.

Pretty Polly, the hosiery company, too, having abandoned its attempt at a wall planner through lack of interest, finds pictures of its latest hosiery ranges go down well with the women store buyers they are *aimed at*. "It surprises me," commented one ingenuous male spokesman, "how many women appreciate good shots of other women . . ."

Elf, the French oil company, sticks to its knitting and makes its calender, sensible enough, an extension of its considerable sponsorship programme by featuring racing cars and bikes of the rallying and formula kind.

However, pictures of products can be pedestrian in the extreme unless handled by an able eye. Less successful is the offering from Massey Ferguson, the farming machinery company. Pleasant enough landscapes of fields in bloom are spoilt by the imprint of a tractor on top of each field. Same with GEC Reliance's wall planner. With a fringe of brochure cover snapshots showing computers, telephones and fire extinguishers, it looks as if it has been laid out by engineers. "The idea is to remind people of the company's products," says a spokesman. "It should be able to trigger a 'phone call or two."

Unsightly industries appear to fare best when they veer away from the obvious. Shell and ICI both score here. Not an oilrig or a factory in sight. Instead rolling landscapes for Shell, taken from its Shell Guides to the countryside, appealingly laid out with restrained art direction, elegant typography, and plenty of white space, the only corporate message is the Shell silhouette.

ICI goes for watercolours of wildlife by Alan Hunt, preferring lagopus lagopus and capreolus capreolus (otherwise known as red grouse and roe deer), to take the mind off the plant that is the real stuff of its business. The best of the divisional calendars is chosen to carry the corporate standard: for years the Plant Protection Division has been coming up trumps; "they have a lot of taste. . . ."

Beecham Group also plays safe with timeless artists: its large square calendar this year is a tribute to Thomas Gainsborough. It distributes about 55,000 a year.

Service industries have a less obvious brief when it comes to attempting to represent their services in pictures. Outstanding here is the 3i (Investors in Industry) calender, thick as a door-mat and heavy as a small wet dog. Original as the companies it no doubt chooses to back in its role as venture capitalists, it shows pithy cartoons, one for each week, by the American Charles Barsotti reflecting the sillier moments of office life—a giggle a week.

As for the Swiss, they look no further than their own backyard. Swiss Bank Corporation, Ciba-Geigy and Nestle all head for the mountains and plains of their own country when it comes to sending pictures to their European clients.

Many of the top conglomerates avoid the corporate calendar concept altogether, among them Trusthouse Forte, Sainsbury, Marks and Spencer, Allied Lyons, Bass, General Universal Stores, Philips, Courtaulds and Siemens.

Some prefer the company diary . . . . but that is another story.

When the best-laid plans fall at cultural hurdles

Michael Skapinker explains the relevance of anthropology to industry

THE MANAGERS of a small factory in the North of England *had a problem. They did not* understand what made their workers tick. The workers were mostly young women doing piece-work: the more they worked the more they earned.

Some responded to this incentive and worked hard. Others did not seem to be interested in what they earned. Most puzzling of all was that some of those who had previously worked hard suddenly lost interest, and some who once had no interest suddenly began to increase their output.

Management called in a consultant called Dan Gowler. Gowler had trained as an anthropologist. Instead of just examining industrial relations *in the factory, he* had a look at the local culture in that particular part of the North of England. That gave him the answer that had eluded the managers of the factory.

He discovered that in that part of the country, when young women started work they gave all their earnings to their mothers. The mothers gave them a certain amount of spending money in return. This was known as "giving in." It continued until the worker found a serious boyfriend, a probable future husband. Rather than "giving in," the worker now went "on board," giving her mother a fixed amount and keeping the rest. It was only the workers who had serious boyfriends at the time who tried to maximise their earnings.

The story was related by Dr Gerald Mars at a panel discussion earlier this month organised by the Royal Anthropological Institute. The discussion, the Institute's contribution to Industry Year, attempted to find ways in which social anthropologists could turn their eyes away from the societies of Africa and the South Pacific and focus them instead on helping British industry.

Mars, himself an anthropologist, said that difficulties such as the one described above need to be understood in cultural rather than purely industrial terms. The employees came from *a culture* which caused them to behave in the way they did. But managers have a culture too, he said, which can prevent them from finding solutions to industrial problems. It is in mediating between these cultures that social anthropologists have a role to play, he believes.

Managerial culture, which crosses geographical boundaries, consists of six beliefs, according to Mars. First, managers believe that their careers should progress over a period of time. They think that others should aspire to this notion too. Second, they believe that people are primarily motivated by economic factors. Third, they think that each individual should be regarded as responsible for his or her own destiny.

Their fourth belief is that kinship is not very significant beyond the nuclear family. Fifth, they believe that ties of neighbourhood are not that important. Finally they believe that time is the scarcest of all resources and, like money, *should not be wasted.*

Mobile

Not all managers subscribe to all these beliefs with equal fervour, Mars conceded, but *most do to a large extent*. Managers are more likely than many of their workers to be mobile and to regard the advancement of their career as more important than remaining alongside their neighbours or extended family. That was why the managers in the factory in the north were unfamiliar with the local culture. "Managers believe, like any other culture, that their culture is the natural one. They find it difficult to understand and validate other people's belief systems," Mars said.

Mars was able to use his anthropologist's training to solve another industrial relations problem at a warehouse in Canning Town in the east end of London. The warehouse, staffed by members of a tightly-knit community, had recently been taken over by a multinational company. As part of the reorganisation of the warehouse, the company wanted to increase the number of foremen from five to seven.

The new management could not, however, find an additional two people who were willing to be promoted. Why, the managers asked Mars, was there nobody in the warehouse interested in the higher pay that went with the foreman's job?

Mars found that the five existing foremen did not come from Canning Town. They were the only outsiders in the warehouse, something management did not know. The reason management could not find additional foremen was that there were no other outsiders left to promote.

Any local worker who accepted a foreman's job would be regarded as a traitor. There was another factor. The workers in the warehouse operated a system of distributing goods stolen from the warehouse to their families. "Nobody wanted to be a foreman because you didn't have such access to pilferage and had the responsibility for stopping it or trying to," Mars said.

So if social anthropologists have a contribution to make to industrial relations, how can industry be persuaded to use them? You need to turn that question on its head, according to Professor Lorraine Baric of *Salford University, one of the* other speakers on the panel. In Baric's experience managers tend to be open to help of this sort. It's the anthropologists who are reluctant to give it.

There is, she said, a long tradition of anthropological inquiry into industry, going back to the work of Elton Mayo in the 1930s. But generally, she said few anthropologists have found industry a stimulating field of inquiry.

"Many share the deeply ingrained view in our society that 'useful' research is somehow demeaning which immediately puts paid to the idea of successful applications," she said.

A Group for Anthropology in Policy and Practice, has recently been set up to encourage practical application of anthropologists' skills. A recent meeting of its northern branch on career prospects in industry attracted only five people. Clearly it will take more than *Industry Year to effect a change* in anthropologists' culture.

TECHNOLOGY


GIZMOS OF 1986

Ferrets that bleep and bras with minds of their own

By Peter Marsh in London and Carla Rapoport in Tokyo

TALKING dolls, walking robots, throw-away cameras and bras which memorise their wearer's shape—these are just a few of the products which emerged from the $300bn or so that the world spent on technical research and development in 1986.

Even though historians may well remember 1986 for the technology that failed to work —the Challenger space shuttle, the Chernobyl reactor and Britain's Nimrod radar aircraft—the year will also be recalled for a vintage output of gadgets for a variety of imaginative, sometimes bizarre, uses.

Take Zillian, a ping-pong playing robot invented by Dr John Marr, a general practioner in Middlesbrough, England. The machine can just about push back a ball across a net, although Dr Marr, who built the contraption in his spare time, is working on a new robot that can manage a complete rally.

Competing with Zillian in a race to become the first robot to beat a human at table tennis is a device made by scientists at Bell Laboratories, in the US. Their machine can return balls rebounding from a wall and developments of this sort, so observers believe, could ultimately lead to novel packaging robots in factories. The machines promise to be adroit enough to catch items like cans of food as they are flung through the air, avoiding the necessity for conveyors.

If you have an eye for the unusual, you might appreciate the six-legged robots which a Californian firm, Odetics, plans to sell in 1989 at about $1m each. In June, Odetics completed a prototype, called Robin, which can walk at 4 miles/hr and pick things up with a six-*foot retractable arm*. The robots will be used mainly for doing dangerous jobs inside nuclear power stations.

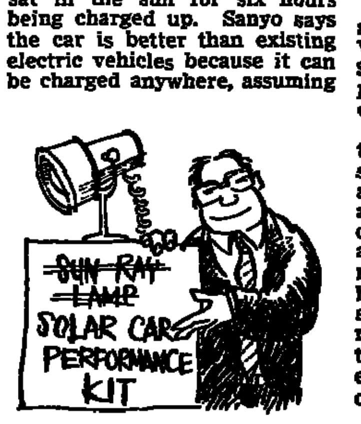
Maintaining the Japanese tradition for being streets ahead of everyone else in gizmos is Fuji Photo, which in July brought out a disposable camera. The company insists that the device, which it calls a Film with a Lens and which sells for about £5.50, is not a real camera, as it works only outdoors, and in fine weather. Once you take 24 snaps, the film is developed and the lens and shutter apparatus are thrown away.

The product has been Japan's smash hit of the year, selling 400,000 units by November.

Fuji plans a major promotional push overseas, where it is hoping to sell both to individuals and to companies which want novel gifts to hand out to customers.

Then there is the "car of the future," unveiled at the 1986 Electronics Fair in Tokyo. Sanyo Electric, the car's developer, claims it is the first *vehicle to be powered by* amorphous-silicon solar cells, best known for their use in calculators and watches.

The car, which looks like a futuristic golf cart, can carry one person 25 miles, after it has sat in the sun for six hours being charged up. Sanyo says the car is better than existing electric vehicles because it can be charged anywhere, assuming the sun is shining. The vehicle "will surely *surpass*" cars powered by internal combustion engine cars as petrol prices go up, according to the company.



Scientists in Japan have also brought scientific invention to a new type of bra. Introduced in January by Wacoal, the bra —the Soffee Bra Kokochi E., to give it its full title—was an instant success. It includes a support wire, made from a titanium-nickel alloy, which "remembers" the bra's shape, even after repeated washing.

Unlike steel-wire supports, the alloy is elastic. This, according to Wacoal, allows the bra to cradle the breast, as if by the support of a person's own hands. The product now accounts for 35 per cent of Wacoal's bra sales in Japan, with more than 1m units sold this year. In the spring, the company started shipping the bra to the US, where it is called Memorywire. No worries here about the yen's appreciation; Wacoal is successfully charging $20-$40 for Memorywire, compared with the average US price of $12-$20 for an ordinary bra.

If Japanese women are getting closer to technology, the *same could be said of the* average German who is worried about tooth decay. Capitalising on the customary Germanic angst about almost everything, makers of electric toothbrushes have started selling devices that switch on electronically for one minute—no more, and no less—to ensure that teeth receive exactly the recommended dose of treatment.

Other hot sellers in West Germany this year have included, thanks to the worrisome effects of the Chernobyl accident, geiger counters. Also popular were home blood-pressure meters, which people have been anxious to buy on account of the potentially unpleasant effects of all that worrying.

Space extravaganzas can always be relied on for interesting technical spin-offs. Diversified Tech, an enterprising company in Salt Lake City, came up with a novel technique to treat eye problems, borrowing ideas from the Soviet space programme.

Because eye drops would float around space ships—causing immense trouble to cosmonauts—Soviet doctors invented a small polymer-based wafer, impregnated with drugs, that sits on top of the eye ball like a contact lens. Over several days, the wafer releases medication to the eye, in a controlled fashion.

Diversified Tech is equipping a factory in Brussels, Belgium, to turn out the wafers in high volumes, suitable for treating patients with ailments such as glaucoma and conjunctivitis. *Under a royalty agreement*, the Soviet Government will gain a slice of the sales.

Not to be outdone when it comes to human physiology, Japanese researchers have come up with 18 types of tea-bag medicines for conditions ranging *from the common cold to* high blood pressure and piles. A six-day course of the medicaments, which are sold by Asahi Beer, the brewer, costs about £8. The company makes no promises about cures and, if the customer still ails, recommends another time-tested pain reliever, Asahi Beer.

Still on the food front, Lambda Physik, a German laser company, is working on a new kind of ultraviolet laser that will purify wine, removing all the cloudy bits that interfere with drinking.

The French invention of the year, meanwhile could so easily have been a gas-chromatography device for detecting the whereabouts of truffles, those delicacies *normally spotted* by specially trained pigs. Unfortunately, the device failed to work, keeping the pigs out of the dole queue.

A company in Britain, Deben Electronics, had better luck with an electronic gadget for attaching to ferrets so their movements can be monitored as they dig underground in search of rabbits.

Ask Americans with small children to name their favourite invention of 1986 and you will hear a chorus of cheers for the "superabsorbent" disposable nappies that appeared on supermarket shelves early this year.

Products from Procter and Gamble led the way, with Kimberley Clark following up with its own brand of throw-away diaper. The latter can absorb up to 80 times its own weight of liquid. The secret of these state-of-the-art diapers is polyacrylate crystals hidden in the padding. The crystals soak up moisture and turn it into gel, keeping baby dry.

US technical ingenuity was also in evidence in the "intelligent" dolls which have crammed the toyshop shelves this year. The dolls make preprogrammed remarks when they are picked up, hugged or spoken to. Eyes and mouth move in synchronisation with their words, to produce a startlingly life-like *effect. If they* are ignored for too long, these dolls are likely to declare themselves sleepy and shut their eyes. A doll called "Baby Talk" even gurgles down a bottle when it is placed in her mouth.

If talking dolls are not to your taste, how about musical candles or singing mugs? While the musical candles have been a Christmas success in Japan—the devices contain a sensor that triggers a music box when a flame is lit—the mugs are made in Taiwan. They contain electronic circuitry (driven by solar cells) which plays a melody when the mug is picked up. Annoyingly for anyone who dislikes such jingles, each mug's tune can be replayed 10,000 times, according to the makers' claims.

During the year, wrist watches continued to move into new areas of sophistication, with the title of watch of the year surely going to the Casio Data Bank, another product of Japan. As the name implies, the gadget is much more than *a watch. The wearer can insert* into the device, using the letters and number of the calculator keyboard, a diary of appointments and also up to 100 entries of a telephone directory. Not only that, the £40 gadget automatically puts names in alphabetic order, with a forward-and-back scrolling system to allow easy scanning of names and numbers.

Many watches will work under water—but one, sold in Britain by Zeon, actually thrives when immersed in this state. Wine or beer will do just as well, the company says, helpfully. The secret is the watch's battery, the electrolyte of which is regenerated when it comes into contact with fluid. This is reminiscent of the ball-point pen, developed for use in weightlessness by US astronauts and sold as a novelty by a company in Colorado. The pen works supremely well under water, and hardly at all in air.

On the industrial front, ER Fluids, a British company, *claimed* success with an amazing polymer-based liquid which turns solid when a current is passed through it, making possible a range of novel applications in mechanical linkages, clutch drives for example.

Unfortunately, the invention is top secret, so little more can be said about it. In a similar classified category is a UK design for a space-going aeroplane, Hotol. This is, apparently, extremely novel *and will probably* work, although no one can be too sure, because the Defence Ministry has placed security wraps around the project.

The musical invention of the year was a computerised piano, made by Boesendorfer, of *Austria*. The £70,000 machine uses complicated electro-mechanical systems to record tunes—anything from Silent Night rendered with two fingers to a Beethoven sonata played by a concert-hall maestro—and then to play them back with the keys moving as though a person was actually sitting at the piano stool. By twiddling with the controls on the computer console, an engineer can remove blemishes from a performance, by taking out wrong notes, for *example*, to compensate if the pianist is having an off day.

Good lateral thinking was shown by a small British company, Geoquip, which used to be in the business of geophysics devices for oil companies but which has branched out into clever cable systems for detecting break-outs from prisons or intrusions into military camps. The mechanisms are now on trial in the US. And as people look forward to their summer vacations — as, traditionally they do in the aftermath of Christmas—they might like to reflect on an innovation in graphics computer systems by Crosfield Electronics, another British concern. The equipment is *used extensively* by printers of holiday brochures to retouch photographs, to make the sky bluer or the sand slightly less grey-looking. Happy holidays!

With contributions from Louise Kehoe in San Francisco, David Marsh in Bonn and Tony France and John Griffiths in London. Illustrations by Roger Beale

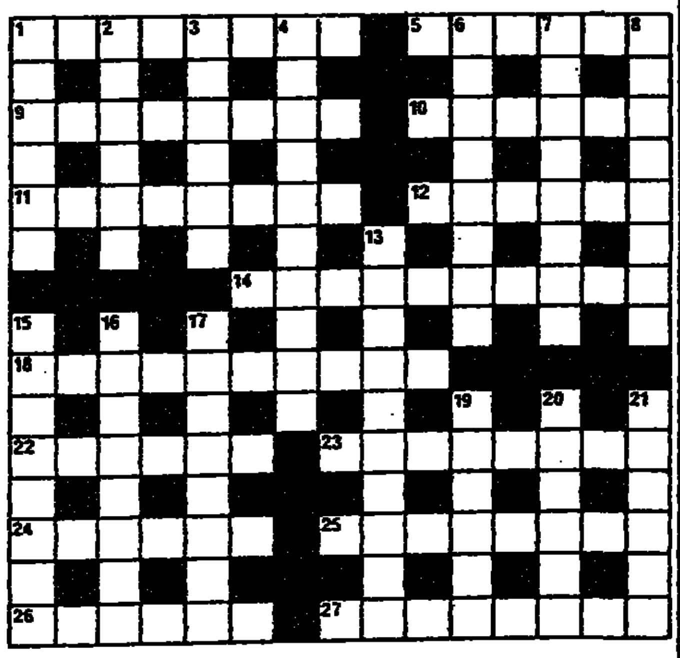
AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

FT CROSSWORD PUZZLE No. 6,215

PROTEUS



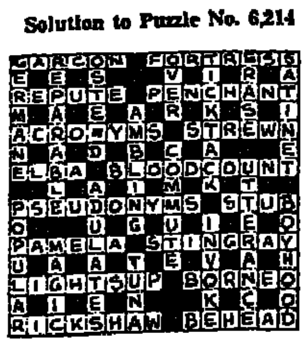
ACROSS

1 May well bring rates problem to a Scotsman (8)
5 Vitally important to get book to press (6)
9 Animal making worker run away (8)
10 Way soldier goes back to mother is a disgrace (6)
11 Foreman writing love poetry to monarch (8)
12 Model hurried to church in a daze (6)
14 Put out of countenance by underworld agreement (10)
18 Change when late developer gets fair share (10)
22 Those people accepting one's belief in God (6)
23 Soldier retreating without order when in need (8)
24 Comment about gospel writer (6)
25 Supporter—the first to go to continent for informal musical production (8)
26 Sleeping place for brother and female child we hear (8)
27 In the beginning law-breaker must be strong (8)

DOWN

1 Female embodiment of flower-power? (6)
2 Summer's sway (6)
3 Second thoughts about punishment being given publicity (6)
4 Be fully sensible of increase in value (10)
6 Soldier becoming weary of retreating (8)
7 Contrive to be born in unusual reign (8)
8 Go in an undershirt to burlesque (8)
13 One is unable to accept nobleman as auditor (10)
15 Did a deal with lawyers Lawrence embarrassed (8)
16 Pennon flown by ship carrying king (8)
17 Can keep going (8)
19 Is involved in plot to conceal fire-arm (6)
20 Quietly raise performance of former country (6)
21 Strict artist's regime (6)

Solution to Puzzle No. 6,214



AUTHORISED UNIT TRUST & INSURANCES

American Life Insurance Co UK
2-8 Altyre Road, Croydon CR9 2LG — 01-680 7181

Alpha Range—Life				
Managed Acc	95.2	100.2	-0.5	—
American Acc	98.1	103.3	-1.3	—
Deposit Acc	99.9	105.2	+0.1	—
European Acc	109.5	115.3	-1.8	—
Far Eastern Acc	112.4	118.3	+0.1	—
Fixed Interest Acc	91.7	96.0	-2.0	—
International Acc	108.1	113.8	-0.7	—
Property Acc	121.0	127.3	+0.3	—
UK Equity Acc	94.7	99.7	+0.9	—
Alpha Range—Pensions				
Managed Acc	97.6	102.7	-0.6	—
Premier Range				
Managed Acc—Life	108.6	114.3	+0.9	—
Managed Acc—Pensions	110.2	116.0	+1.5	—

Other unit prices available from American Life

Baltic Assurance Funds
20, Chiswell St, London, EC1Y 4TY — 01-374 6801

Managed Growth	259.23	272.85	-0.16	259.23
Managed Income	118.79	125.0	+0.24	—

Barclays Life Assur. Co Ltd
252 Romford Road, London E7 — 01-534 5544

Barclaybond	358.3	377.2	-0.3	—
Managed Accum	304.0	320.0		—
Equity Accum	441.8	465.1	+0.9	—
Property Accum	201.8	212.5	+0.9	—
International Accum	270.4	284.7	-3.1	—
Gilt-edged Accum	201.8	212.5	+0.9	—
Money Accum	176.9	186.3		—
American Accum	174.3	183.5	-2.2	—
Australia Accum	166.1	174.8	-1.5	—
Financial Accum	205.2	216.0		—
"500" Accum	224.0	235.8	+0.2	—
European Grwth Accum	144.9	152.6	-1.0	—
Income Accum	244.7	257.6	+0.9	—
Japan & Gen Accum	321.1	338.1	-4.5	—
Leisure Accum	150.7	158.7	+0.7	—
Spec Sits Fd Accum	123.6	130.2	-0.1	—
Universal Tec Accum	108.5	114.3	-1.5	—
Managed Pns Accum	409.2	430.8	-0.7	—
Equity Pns Accum	150.2	158.2	+0.1	—
Intnl Pns Accum	152.9	161.0	-2.2	—
Gilt-edged Pns Accum	289.0	304.3	+1.6	—
Money Pns Accum	258.0	271.6		—
Property Pns Accum	107.6	113.3		—

For prices of Initial Units phone 01-534 5544.

Black Horse Life Ass. Co Ltd
346a High St, Chatham — 0634 405161

Black Horse Man. Fd		368.96		—
Income Fd	336.98	354.72		—
Extra Income Fd	319.08	355.08		—
Worldwide Growth Fd	331.57	349.03		—

Cornhill Insurance PLC
57 Ladymead, Guildford — 0483 68161

Equity Fd(A&B) Dec 23	263.0	277.0		—
Fixed Int(A&B) Dec 23	167.5	176.5		—
Man Grwth(A&B) Dec 23	537.5	566.0		—
Money Fd (A&B) Dec 23	143.0	151.0		—
Cap Fd(A&B) Nov 15		410.0		—
G.&S. Supr Fd(A&B) Nov 15		169.0		—
FarEastEqty(A&B)Dec 23	189.5	199.5		—
N.Amer Eqty(A&B)Dec 23	102.5	108.0		—
IntTechnlg(A&B)Dec 23	155.5	164.0		—
Property (A&B) Dec 23	198.5	209.0		—

Credit & Commerce Life Ass. Ltd
74 Shepherds Bush Green, W12 8SD — 01-740 7070

Life Funds				
UK Equity	145.5	153.4	+0.5	—
American Equity	121.3	127.9		—
Far East Equity	170.8	180.1		—
Managed Fund Acc	374.0	394.0		—
International Equity	188.4	198.7		—
Gilt Edged	186.7	196.9		—
Money Fund	145.3	153.2	+0.1	—
CCL Henderson	162.1	171.0		—
CCL Perpetual	203.6	214.7		—
CCL Property	228.8	241.3		—
Smaller Cos	254.2	268.1		—
Perpetual Europrowth	120.1	126.7		—
CCL NewFun Prime Res	97.6	102.9		—

Criterion Assurance Group
Swan Court, Petersfield, Hants — 0730 63281

Ultimate Mngd Fund	174.8	184.0		—
Criterion Mngd Fund	167.4	176.2		—
Pension Mngd Cap	53.0	55.7		—
Pension Mngd Acc	62.5	65.7		—
Pension G'nteed Dep Ac	34.8	36.6		—

For closed Fund unit prices ring 0730 63281

Crown Financial Management Ltd
Crown Hse, Woking GU21 1XW — 04862 5033

Life Funds				
American Acc	97.7	102.8	-0.9	—
Equity Acc	384.0	404.2	+0.5	—
European Acc	186.1	195.8	+0.9	—
Fixed Interest Acc	217.6	229.0	+1.3	—
High Income Acc	364.1	383.2	+1.0	—
Intnl. Acc	340.6	358.5	-1.8	—
Inv. Trust Acc	420.8	442.9	-1.1	—
Japanese Acc	165.1	173.7	+0.4	—
Managed Acc	317.5	334.2	+0.4	—
Money Acc	180.5	189.9		—
Property Acc	186.8	196.6		—
Individual Pension Funds(z)				
American	114.7	120.7		—
Equity	386.9	407.2		—

مكتب الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

World Fund S.A.
2 Boulevard Royal, Luxembourg
World Fund NAV ... $19.19 ... +0.13 ... —

World Wide Growth Management®
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd ... $17.21 ... +0.22 ... —

Yamaichi Capital Mngt (Guernsey) Ltd
22 Smith St, St Peter Port, Guernsey ... 0481 23765
Japan Meta Growth ... $12.12 ... — ... —

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg
Advanced Tech ... $18.16 ... +0.26 ... —
Dynamic Gwth Fd ... $17.36 ... +0.21 ... —

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey ... 0481 26268
Zero Bond Fund ... $12.27 ... 12.9d ... —

Money Market Trust Funds

	Gross	Net	Cr Equiv CAR	Int Cr
Charities Aid Fndtn Money Mngmt Co Ltd				
Staple Hall, Stone St, Houndsditch, EC3			01-283 6461	
CAFCASH Cal. Fund	10.63	7.95	11.40	3-mth
CAFCASH 7-day Fund	10.88	8.13	11.96	3-mth
The Charities Deposit Fund				
2 Fore Street, London EC2Y 5AQ			01-588 1815	
Deposit	10.75	(11.19)		3-Mth
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST.			01-236 0952	
Call Fund	10.65	7.96	11.66	Month
7-day Fund	10.86	7.97	11.62	Month
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE			01-236 1425	
Call Fnd	10.70	7.77	11.25	6-Mth
7-day Fund	10.40	7.77	11.15	6-Mth
Dollar	9.50	7.10	10.25	6-Mth

Money Market Bank Accounts

	Gross	Net	Cr Equiv CAR	Int Cr
Adam & Co. plc				
22 Charlotte Sq, Edinburgh EH2 4DF			031-225 8484	
Full Service Chq Acc	10.25	7.50	10.86	Qtr
Aitken Hume				
30 City Road, EC1Y 2AY			01-638 6070	
Treasury Acc	10.25	7.66	11.10	Qtr
	10.00	7.46	10.90	Mth
	10.25	7.66	11.18	Mth
Allied Arab Bank Ltd				
97-101 Cannon St, London, EC4N 5AD			01-283 9111	
High-Int. Cheque Acc	11.30	8.25	12.03	Mth
Bank of Scotland				
38 Threadneedle St, EC2P 2EH.			01-628 8060	
Money Mkt Cheque Acc	10.25	7.66	11.18	Mth
Barclays Prime Account				
PO Box 125, Northampton			0604 252891	
High Int. Cheque	10.00	7.50	10.00	Qtr
Benchmark Trust Ltd				
9 Henrietta Place, W1M 9AG.			01-631 3313	
Cap Chq Deposit Acc	10.25	7.66	11.36	Mth

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ● Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk	48
BAT	35	P & O Dfd	45
BOC Grp	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	40	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	15
Charter Cons	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	16
Glaxo	85	Land Securities	30
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	BOM	3½
Hanson Tst	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	20	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46	Cons Gold	62
Marks & Spencer	18	Lonrho	22
Midland Bk	48	Rio T Zinc	62
Morgan Grenfell	26		

A selection of Options traded is given on the London Stock Exchange Report Page.

INTERNATIONAL APPOINTMENTS

International change for UBS

By Our Zurich Staff

MR MATHIS Cabiallavetta is to take charge of the international division of Union Bank of Switzerland, the Zurich-based bank which is one of Switzerland's Big Three. He also becomes an executive vice president of the bank. His new duties are additional to those he holds already in his responsibilities for the foreign exchange, precious metals, banknote and money market operations of the bank and its foreign branches and subsidiaries.

The international division has hitherto been headed by Mr Guido Hanselmann, who has retired.

Mr Cabiallavetta, who is 40, is a Swiss citizen, but studied in Canada. He joined the UBS economic studies department in 1971, and was put in charge of foreign exchange activities in 1979.

Mr Heinz Mueller has, at the same time, become executive vice-president, with commercial duties. Since 1984, he has been responsible for branches in German-speaking Switzerland outside Zurich, as well as for the special corporate financing and consulting department and the bank's affiliated personal credit and leasing companies.

Dr Hubert Huschke has been promoted to deputy executive vice-president in charge of corporate organisation and communications, including electronic data processing.

Sulzer sets up succession for 1988

By Our Zurich Staff

MR PIERRE BORGEAUD, currently chief executive officer of Sulzer Brothers, the Swiss Engineering company, is the intended successor of Mr Alfons Baltensweiler as board chairman.

Mr Borgeaud is to be nominated as chairman at the Winterthur Company's 1988 shareholders' meeting on the retirement of Mr Baltensweiler.

At the same time, Dr Fritz Fahrni has been foreseen to take over from Mr Borgeaud as chief executive. Dr Fahrni is at present head of the group's textile - machinery production.

Dr Fritz Fahrni: in line for top job at Sulzer

Fed New York

The Federal Reserve Bank of New York has appointed Mr Alberto M. Paracchini — the chairman, president and chief executive of Banco de Ponce of Ponce, Puerto Rico — a director.

He has been chosen for a three-year term from the beginning of this year by the 60 medium-size member commercial banks in the second Federal Reserve district eligible to vote this year.

New management makes its mark on Cominco

BY BERNARD SIMON IN TORONTO

THE NEW WEST GERMAN, Australian and Canadian shareholders of Cominco, the Vancouver-based metals and fertiliser producer, are moving quickly to bring in fresh senior management.

The company's president and head of its metals division, Mr William Wilson, has resigned to take a senior position with Nova, an Alberta Corporation. The forthright vice-president for marketing and sales Mr Keith Spurr is expected to leave in mid-January, but will continue as a consultant for two years.

Cominco declined to confirm reports that Mr Spurr will be replaced by Mr Claus Goeckmann, second-in-charge of the metals department at Metallgesellschaft, the West German group which is one of the three companies which bought control of Cominco last October from Canadian Pacific, the railway and industrial concern. Mr Goeckmann is understood to be in the process of obtaining immigration clearance from the Canadian authorities.

Cominco is presently controlled by a consortium, comprising Teck Corporation of Vancouver, MIM holdings, the Australian metals group, and Metallgesellschaft.

Shortly after the takeover, Teck appointed its president, Mr Norman Keevil, Jr, as chairman of Cominco in succession to Mr Norman Anderson, who took early retirement. Teck's senior vice-president in charge of mining, Mr Robert Hallbauer, became president and chief executive. Mr Wilson, the former president, was left in charge of the metals division.

The new shareholders appear determined to rejuvenate Cominco, which has been troubled by low commodity prices and a heavy debt load. They have also given the go-ahead for construction of the world's biggest zinc mine on the Red Dog deposit in northwest Alaska.

Swissair in major reshuffle

BY JOHN WICKS IN ZURICH

SWISSAIR is to carry out a major re-shuffle to top executive positions in 1988 as a result of the retirement of Mr Robert Staubli as president at the age of 65, and of a number of other key officers.

The appointments have been announced at this early date, says the airline, "to ensure that adequate time is available to prepare for the transitions involved."

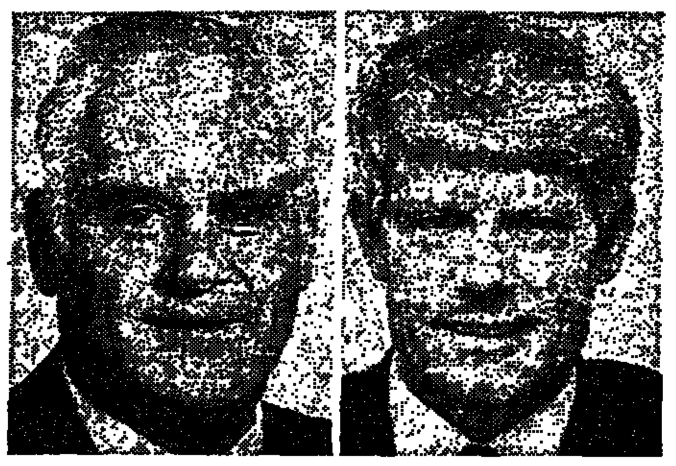
As from August, 1988, Mr Staubli will be succeeded as chief executive by Mr Otto Loepfe—currently 50 years old—who has been head of Swissair's data services since 1984. He is himself to be replaced by Mr Peter Koenig.

Other retirements will be those of Mr Bertrand Jaquiry as executive vice-president, marketing, Mr Andre Clemmer, vice-president western Switzerland, and Mr Alfons Bernhardsgruetter, vice-president, corporate planning.

As part of these moves and corresponding changes, Mr Peter Oes, currently vice president external relations, will become head of marketing on January 1, 1988. On the same date, Mr Erich Geitlinger will move from product planning to external relations and will be succeeded by Mr Paul Reutlinger.

As of July 1 of the same year, Mr Claude Christie will take over responsibilit yfor Western Switzerland, his position in charge of product development and sales policies to go to Mr Peter Graf, now representing Swissair in New York.

Mr Stephan Froehlich will take over corporate planning at the start of September, 1988, at the same time as Mr Koenig replaces Mr Loepfe.



Mr Robert Staubli (left) is next year to surrender the president's post at Swissair to Mr Otto Loepfe

United Mizrahi chief quits

BY JUDITH MALTZ IN TEL AVIV

MR MOSHE MAN is to resign as managing director of the United Mizrahi Bank, Israel's fourth largest bank, after only five months in the post. He took up the managing directorship after Mr Aharon Meir was forced to step down in line with recommendations of the Beisky Report into the Israeli bank shares crisis of 1983, which called for top management changes at the leading Israeli commercial banks.

The bank says that the reasons for Mr Man's decision are "personal," denying allegations in places that his resignation results from managerial in-fighting and frustration over the bank's problems.

The United Mizrahi Bank was the only one of Israel's major commercial banks to find itself in the red in the first half of 1986, registering losses of US$5m.

★ ★ ★

BANK LEUMI LE-ISRAEL has appointed Mr M. Einhorn chairman of the boards of the Bank Leumi offshoots in Switzerland and in France, to succeed Mr E. I. Japhet, who has resigned with effect from January 1.

Mr Einhorn in currently general manager and chief executive officer of the bank.

Mr Japhet is also to resign from the chairmanship of Bank Leumi Trust Company of New York and Bank Leumi Canada at the next meetings of the relevant boards. New chairmen will be selected at those times.

Corporate planning switch at GE

GENERAL ELECTRIC company, the diversified Connecticut industrial concern, has appointed Mr Nigel D. T. Andrews vice president for corporate business development and planning, with effect from February 16.

Mr Andrews will succeed Mr Michael A. Carpenter, who was the architect of GE's recent acquisition of RCA Corporation. Mr Carpenter was recently appointed executive vice president of General Electric credit corporation.

Mr Andrews, who is currently vice president for strategy practice at Booz, Allen and Hamilton, the New York-based management consulting company, says he expects GE to continue its strategy of concentrating "only on businesses where GE can be number one or number two." With that goal in mind, acquisitions are to remain "an important element."

★ ★ ★

NISSAN MOTOR COMPANY, the second biggest Japanese car maker, has reorganised its managerial division in challenge to Toyota Motor Corporation, the country's largest motor company, Reports Kyodo from Tokyo.

Nissan has appointed two new vice presidents to oversee domestic and international administration.

The two new executives join those in charge of product development, production and general affairs, bringing the number of vice presidents to five.

The Nissan way-ahead involves the division of the company's domestic sales network into three regions—the Tokyo area, Northern Japan including Hokkaido and the Tohoku and Hokuriku districts and western Japan.

Nissan's share of the domestic passenger car market in 1973 was 31 per cent, behind Toyota by 5.5 per cent. Monthly statistics for January to November 1986, however, indicate that Nissan had only 25.6 per cent of the market against Toyota's 46.3 per cent.

★ ★ ★

FIAT SpA has appointed two new directors to replace the Libyan board members who resigned last September when Libya sold its minority holding.

Fiat has elected Mr Vittorio Ghidella, managing director of the company's car production subsidiary Fiat Auto SpA, and Mr Wisse Dekker, president of the supervisory board of Philips Gloeilampenfabrieken, as board members to replace the Libyans, Mr Ali Mahmoud Elgheriani and Mr Mohammed Siala.

Mr Ghidella has also been appointed to Fiat SpA's six-man executive committee, along with Fiat director Mr Guido Carli.

★ ★ ★

ALLEGHANY INTERNATIONAL, the Pittsburgh consumer and industrial goods concern with interests in high technology products, has elected Mr Thomas J. Albani, 44, chief operating officer a member of the board.

UK APPOINTMENTS

British Aerospace marketing director

Mr L. A. Sanson, has relinquished his post as marketing director of BRITISH AEROSPACE. He is succeeded by Mr R. H. Evans, deputy managing director of the military aircraft division. Mr Sanson will continue in service until mid-1987 assisting Mr Evans and performing various special duties assigned to him by the chief executive.

★

NATIONAL TELEPHONE SYSTEM take over of Ansafone generated a need for a customer service director, which has been filled by Mr Martin Butler. He was a director of technical support at Hospital Electronics, and Paris-based, director of technical support for Technician Instruments.

★

E. W. BLANCH (UK) has appointed Mr N. I. S. Dane as an associate director from January 1.

★

WILLIS FABER (NORTHERN) has made the following appointments from January 1. Mr P. Higginson, chairman; Mr P. H. Crawford, managing director; Mr D. M. Ketterick, director; Mr T. C. Briault, divisional director; Mr K. Cartwright, divisional director.

★

The Earl of Kinnoull has been appointed to the board of the WOOLWICH BUILDING SOCIETY. He was previously chairman of the Property Owners Building Society which merged with the Woolwich in December.

★

Mr Joe Fox has retired from DESOUTTER BROTHERS (HOLDINGS). His post as sales director will be taken over by Mr Charles Desoutter, who becomes a director of Desoutter Brothers (Holdings) on January 1.

★

Mr Desmond Edward St. Aubyn Hamey, a former diplomat and currently a city merchant banker, has joined the board of EQUATORIAL TRUST CORPORATION as a non-executive director.

★

Mr Peter Rees has been appointed a director of THE FLEMING MERCANTILE INVESTMENT TRUST from January 1. Mr Rees is a former Chief Secretary to the Treasury and Minister for Trade and is a director of LASMO. On the same date Mr Andrew Buxton, vice chairman of Barclays, resigned from the board of The Fleming Mercantile Investment Trust.

★

Mr Iain Dixon divisional manager, has been appointed to the board of Bicester-based SCHENCK UK as deputy managing director and sales and marketing director. The company is a wholly-owned subsidiary of Carl Schenck AG.

★

Appointed THAMES WATER'S first commercial director is Mr Roger Hawksworth, who takes up his new post on January 5. He will be responsible for the control and development of growth business areas, such as overseas consultancy, the Tideway, and all business outside the Authority's mainstream activities. He was director and general manager (finance and economics) at Texaco.

★

At NEVILLE RUSSELL the following managers will become partners on January 1. Mr Don Bawtree (Brighton); Mr Alastair Smith (Leeds); and Mr Ian Roberts (London).

★

Mr S. E. Hallowell, chief general manager, has been appointed managing director of the NATIONAL EMPLOYERS' MUTUAL GENERAL INSURANCE ASSOCIATION. Mr M. H. R. King, a director, retired.

★

Mr Christopher Schofield has been appointed a director of BOWRING UK, and chairman of Bowring UK's south east region, with overall responsibility for new business development throughout the UK. His appointment is from January 1. He is succeeded as chief executive of Bowring UK's Manchester company, Bowring Schofields by Mr Allan Myles, who has been responsible for Bowring Schofields' life and pensions division since 1983.

★

Mr Jim Barry and Mr Malcolm Forster have been appointed directors and Mr Paul Hannah, Mr Christopher Mallett, Mr Frank Webster-Smith assistant directors, of BARCLAYS DE ZOETE WEDD. Mr Hiroyuki Hatasa and Mr Kevin Saunders have been appointed directors of Barclays de Zoete Wedd International Equities. The appointments are from January 1.

★

From January 1 Mr R. E. Ainsworth becomes executive chairman of DEVITT (D. A. INSURANCE) and Mr J. M. Horwell retires from the board. Mr Ainsworth is also appointed a director of Howson F. Devitt and Sons from the same date. Mr R. C. Hudson is appointed executive chairman of Devitt (Midlands) and Mr M. Whale retires from the board.

★

Mr John Halbert has been appointed works director of BRIDGE GRAPHICS, Hull, a wholly-owned subsidiary of Watmoughs (Holdings), from January 2.

COMMODITIES AND AGRICULTURE

LONDON MARKETS

NORTH SEA oil prices maintained their post Christmas firmness yesterday in a very quiet market. Prices for 15-day January Brent were quoted in the range $17.75-$17.60, with February cargoes traded at $17.70. With traders looking ahead to the New Year break, prices showed little reaction to the news that Nigeria had followed Saudi Arabia and Kuwait by telling customers that netback prices would cease from February 1, and that negotiations would be opened on the basis of the fixed price system agreed by the Organisation of Petroleum Exporting Countries before Christmas. Although the spot market appears to be endorsing the view that Opec's new fixed price regime will hold, at least for a while, many analysts remain worried by the large overhang of stocks in Europe and the pressure that producers may come under to offer concealed discounts. This uncertainty was reflected in yesterday's spot market price for Bonny Light of around $17.60, compared with the planned fixed price of $18.92.

INDICES

REUTERS

Dec.30	Dec. 29	M'th ago	Year ago
1640.2	1641.2	1633.3	1776.3

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Dec. 29	Dec. 26	M'th ago	Year ago
Spot	114.35	114.52	—	124.90
Fut	114.84	115.01	—	132.36

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	Dec. 30 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1210/250	—5	$1189/290
Copper			
Cash Grade A	£908	+0.5	£925
3 mths	£932.75	+0.5	£949.75
Gold Troy oz	$389.75	+0.25	$387.75
Lead Cash	£356.5	+14.5	£351
3 mths	£316.5	+5	£326.5
Nickel			
Free Mkt	158/178c		166/186c
Palladium oz	$117.55	—0.25	$117.75
Platinum oz	$478.75	—3.5	$485.50
Quicksilver†	$150/160		$160/170
Silver troy oz	359.45p	—3.75	379.75p
3 mths	368.70p	—4.35	390.05p
Tin			
free Mkt	£4630/670	+20	£4650/670
Tungsten	$49.10		$45.57
Wolfram 22.5lb	$32/42		$32/42
Zinc	£561.5	—2.5	£532.5
3 mths	£544.5	+1	£551.5
producers	$870		$870/920
OILS			
Coconut (Phil)	$405z	—5	$412.5
Palm Malayan	$305w		$305
Copra (Phil)	$260		$250
Soyabean (U.S.)	$144	—3	$154
GRAINS			
Barley Fut. Mar.	£113.40	+0.25	£114.70
Maize	£142.00		£146.00
Wheat Fut. Mar.	£113.15	+0.55	£113.90
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1419	—6	£1438.5
Coffee Ft. Mar.	£1634	—53.5	£1887.5
Cotton A Ind.*	‡	+0.8	56.30c
Gas Oil Feb.	$147.75	+0.25	$137.25
Rubber (kilo)	64.75p	+0.25	63p
Sugar (raw)	$146.5x	—0.5	$156.5
Wooltops 64s	481p kilo		425p kilo

‡ Unquoted. † Per 76 lb flask. c Cents a pound. * Cotton outlook. x Jan-Feb. z Dec-Jan. u Jan. w Feb. y Feb-March.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	777-9	—4.5	788.5/780.5
3 months	793-4-3.25	—3.25	787/785

Official closing (am): Cash 780.5-1 (785.5-6): three months 796-7 (800-0.5): settlement 781 (786). Final Kerb Close: 793-4. Turnover: 11,525 tonnes.

COPPER

Grade A	Unofficial close	+ or —	High/Low
Cash	907.5-8.5	+0.5	910/910
3 months	932.5-3	+0.5	935/932

Official closing (am): Cash 910-0.5 (907-7.5): three months 934-4.5 (931-1.5); settlement 910.5 (907.5). Final Kerb Close: 931-2.

Standard			
Cash	881-2	+0.5	—
3 months	909-10	+2.5	911/910

Official closing (am): Cash 883-5 (878-80); three months 911-2 (907-9); settlement 886 (880). US Producer prices 63.00-66.50 cents per pound. Turnover: 31,100 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	355-6	+14.5	355 352
3 months	315-6	+5.0	315/313

Official closing (am): Cash 352-3 (341.5-2.5); three months 314-4.5 (312-3); settlement 353 (342.5). Final Kerb Close: 312-3. Turnover: 12,175 tonnes. US Spot: 24.00-29.00 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2370-5	—1.0	2380/2360
3 months	2425-30	+6.5	2460/2430

Official closing (am): Cash 2380-5 (2390-5); three months 2438-40 (2440-1); settlement 2385 (2393). Final Kerb Close: 2437-40. Turnover: 1,584 tonnes.

TIN

Kuala Lumpur Tin Market: Close 16.90 (16.81) ringgit per kg. Up 0.08 ringgit per kg.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	561-3	—3.5	573/571
3 months	544-5	+1.0	547.5/544

Official closing (am): Cash 572-3 (574-5): three months 547-8 (543-3.5); settlement 573 (575). Final Kerb Close: 544-5. Turnover 4,950 tonnes. US Prime Western: 42.00-44.75 cents per pound.

GOLD

Gold rose just $¾ an ounce from Monday's close in the London bullion market yesterday to finish at $389-390. The metal opened at $388¾-389¼ and traded between a high of $389¾-390¼ and a low of $388¾-389¼. Trading was extremely quiet and featureless ahead of the year end.

GOLD BULLION (fine ounce) Dec. 30		
Close	$389¾-390	(£265-265½)
Opening	$388¾-389¼	(£265½-266½)
M'n'g fix	$389.40	(£265.596)
Aft'n'n fix	$388.75	(£266.032)

GOLD AND PLATINUM COINS		
Am Eagle	$402-407	(£275¼-277)
Maple leaf	$398¾-401½	(£271¾-274½)
Kr'g'r'nd	$388-391	(£264½-266½)
½ Krug	$199-199	(£135¼-135¾)
¼ Krug	$100-101	(£68-68¾)
Angel	$399-401	(£271-273)
1/10 Angel	$39¼-44¾	(£27-30¼)
New Sov.	$91-94	(£62-64)
Old Sov.	$92¼-94	(£62½-64)
$20 Eagle	420-470	(£286-320)
Noble Plat	$483¾-495	(£333¾-337)

SILVER

Silver was fixed 3.75p an ounce lower for spot delivery in the London bullion market yesterday at 359.45p. US cent equivalents of the fixing levels were: spot 527.5c, down 4.25c; three-month 535c, down 5.3c; six-month 542.7c, down 5.5c; and 12-month 558.25c, down 6.8c. The metal opened at 360-362p (528-530c) and closed at 358½-360½p (527-529c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unofficial	+ or —
Spot	359.45p	—3.75	358.25p	—3
3 months	368.70p	—4.35	366.5p	—2.75
6 months	378.50p	—4.35	—	
12 months	397.05p	—5.50	—	

LME—Turnover: 26 (54) lots of 10,000 oz. Cash high/low 358p; three months high 368p, low 367.5p; final kerb 366-8.5p.

SOYABEAN MEAL

	Yesterday's close	+ or —	Business done
	£ per tonne		
Feb	125.5-125.8	+0.50	125.7
April	124.5-125.5	+0.50	—
June	122.0-121.0	+0.50	—
Aug	121.5-122.0	+0.50	—
Oct	122.0-123.5	+0.60	—
Dec	122.0-123.5	+0.50	—
Feb	122.0-125.0	+0.50	—

Sales: 1 (100) lots of 20 tonnes.

COFFEE

Further liquidation put the market under more pressure as once again commission house selling constantly forced prices to lower levels and met little resistance. Short-covering towards the close lifted levels about £20 off of the new recent lows.

COFFEE	Yesterday close	+ or —	Business Done
Jan	1625-30	—70.0	1675-1615
Mar	1633-35	—63.5	1673-1615
May	1660-65	—40.0	1690-1640
July	1690-00	—27.5	1720-1675
Sept	1710-20	—30.0	1730-1715
Nov	1730-50	—10.0	1760
Jan	1740-80	—5.0	—

Sales: 5,486 (4,357) lots of 5 tonnes. ICO indicator prices (US cents per pound) for December 29: Comp. daily 1979 123.64 (125.92); 15-day average 129.54 (130.75).

COCOA

Although held within a £12 trading range, futures made new five-month lows and ended the day about £5 off the previous close. There was no producer interest in the market, but some light consumer offtake was noted, reports Gill and Duffus.

	Yesterday's close	+ or —	Business done
	£ per tonne		
Dec	1381-1390	—9.5	1391-1379
March	1418-1419	—6.0	1427-1415
May	1448-1444	—4.5	1450-1458
July	1468-1467	—5.0	1472-1462
Sept	1487-1491	—4.0	1492-1487
Dec	1515-1520	—1.5	1518-1514
March	1544-1547	—1.0	1547-1545

Sales: 2,161 (1,507) lots of 10 tonnes. ICCO indicator prices. Daily price for December 30: 90.85 (91.09); five-day average for December 31: 90.51 (90.22). Daily price 1,641.41 (1,645.84); 10-day average 1,641.29 (1,641.30).

POTATOES

Values firmed in quiet trade, but at the close the tone was neutral, reports Coley and Harper.

Sales: 344 (428) lots of 40 tonnes.

Month	Yesterday's close	Previous close	Business done
Feb	107.50	106.00	—
Apr	148.00	146.40	148.40-146.20
May	166.80	165.30	167.60-165.00
Nov	89.50	88.50	—
Feb	99.00	99.00	—

Sales: 428 (406) lots of 40 tonnes.

SUGAR

No. 6 Contract	Yest'rdy close	Previous close	Business done
	$ per tonne		
Mar	157.0-157.2	155.5-155.6	158.5-156.2
May	160.8-161.0	159.4-159.6	162.2-160.8
Aug	164.8-165.2	163.4-163.8	166.2-164.8
Oct	168.6-168.8	167.6-168.0	169.4-168.6
Dec	171.4-172.2	170.4-171.0	—
Mar	177.0-178.0	175.0-176.0	—
May	180.2-181.0	178.8-179.8	—

Sales: 1,424 (786) lots of 50 tonnes. Paris—White (FFr per tonne): Mar 1233/1240, May 1170/1175, Aug 1225/1230, Oct 1250/1260, Dec 1285/1300, Mar 1330/1345.

LONDON DAILY PRICE—Raw sugar $146.50 (£100.00), down 50c (down £1.00) a tonne for January-February delivery. White sugar $175.50, up 50c. Tate and Lyle delivery price for granulated basis sugar was £202.50 (£203.50) a tonne for export. International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for December 29: Daily price 5.60 (5.51); 15-day average 5.62 (5.67).

FREIGHT FUTURES

The market moved higher in thin trading with no fresh background news, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Jan.	711/714	714/702	703/708
April	743	747/743	737/758
July	647	647/643	635/640
Oct.	745	751/750	740/750
Jan.	750		730/740
Apr.	645		755/775
July	640		650
Oct.	760		750/780
BFI	697		696

Turnover 203 (38).

RUBBER

PHYSICALS—Closing prices (buyers): Spot 64.75p (64.50p); Feb 63.00p (62.50p); March 63.00p (62.75p). Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No 1 220 (same) and SMR 20 200 (same).

FUTURES—Index 646, February 665-670, March 670-680, April-June 676-685.

US MARKETS

COMMISSION HOUSES and locals were responsible for most of the activity in the futures markets, reports Drexel Burnham Lambert. On the crude oil futures initial long-liquidation was met by light trade and commission house buying in light volume. The metals featured commission house and local selling with the trade also a light buyer. There was a danger of stops at $390, basis February, on the gold being hit, but selling pressure was insufficient to penetrate support. On platinum commission house selling dominated with scale-down trade buying preventing any major declines. On cocoa futures, commission house short-covering prior to the end of the year was met by trade selling, notably Brazilian price-fixing and outright selling. Sugar futures continued to find good support above the 6c level, basis March, but in the absence of any physical offtake, prices remained barely steady. Cotton futures held on trade buying, representing price fixing by mills, with commission houses also a seller in this market. Grains markets were quiet, with commission and technical buying on the soya beans the only feature.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb	Close	High	Low	Prev
Jan	50.70	—	—	50.80
Feb	50.95	—	—	51.00
March	51.00	51.10	51.00	51.15
May	51.20	—	—	51.30
July	51.40	—	—	51.50
Sept	51.60	—	—	51.70
Dec	52.00	—	—	52.10
Jan	52.15	—	—	52.25
March	52.25	—	—	52.35

COCOA 10 tonnes, $/tonne	Close	High	Low	Prev
March	1924	1927	1897	1913
May	1951	1954	1927	1940
July	1970	1975	1950	1960
Sept	2000	2000	1975	1982
Dec	2025	2002	2002	2007
March	2040	—	—	2032

COFFEE "C" 37,500 lbs, cents/lb	Close	High	Low	Prev
March	132.55	132.98	127.20	132.75
May	133.90	134.25	132.50	135.20
July	135.50	135.70	134.00	136.80
Sept	137.00	137.00	135.75	138.50
Dec	138.50	138.50	138.00	140.50
March	139.25	—	—	140.50
May	139.25	—	—	140.50

COPPER 25,000 lbs, cents/lb	Close	High	Low	Prev
Jan	60.25	60.30	60.05	60.35
Feb	60.60	—	—	60.65
March	60.95	61.05	60.85	60.95
May	61.55	61.60	61.45	61.50
July	61.90	61.95	61.85	61.85
Sept	62.20	62.25	62.10	62.10
Jan	62.95	—	—	62.90
March	63.35	63.35	63.35	63.25
May	63.65	63.65	63.65	63.55

COTTON 50,000 lbs, cents/lb	Close	High	Low	Prev
March	58.91	59.25	58.40	59.65
May	58.90	58.85	58.40	59.36
July	58.55	58.80	58.40	59.20
Oct	57.60	58.17	57.60	58.50
Dec	57.60	57.90	57.40	58.01
March	58.10	—	—	58.51
May	58.40	—	—	58.81

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel	Latest	High	Low	Prev
Feb	17.63	17.65	17.45	17.65
March	17.79	17.79	17.58	17.80
April	17.70	17.75	17.56	17.80
May	17.63	17.70	17.52	17.75
June	17.60	17.63	17.46	17.70
July	17.54	17.57	17.46	17.65
Aug	17.50	17.55	17.35	17.61
Sept	17.40	—	—	17.57

ORANGE JUICE 15,000 lb, cents/lb	Close	High	Low	Prev
Jan	124.50	124.50	122.00	123.00
March	126.25	126.55	124.15	126.15
May	127.75	127.75	125.80	127.70
July	128.40	128.00	128.30	128.50
Sept	129.25	129.00	126.50	128.90
Jan	130.50		—	129.95

PLATINUM 50 troy oz, $/troy oz	Close	High	Low	Prev
Jan	459.0	473.0	457.0	471.3
April	463.5	476.5	462.0	475.3
July	467.0	479.5	465.0	478.3
Jan	474.5	—	—	485.8

GOLD 100 troy oz, $/troy oz	Close	High	Low	Prev
Jan	390.3	390.1	390.0	389.8
Feb	392.4	393.1	391.3	391.9
April	395.9	396.2	394.3	395.4
June	399.3	399.5	397.8	398.8
August	402.7	403.0	402.0	402.2
Oct	405.9	406.0	406.0	405.4
Dec	409.5	—	—	408.9
Feb	413.2	—	—	412.7
June	420.6	420.5	419.0	420.1
Oct	405.9	406.0	406.0	405.4

HEATING OIL 42,000 US gallons, cents/US gallons	Latest	High	Low	Prev
Jan	47.95	48.00	47.60	48.28
Feb	48.15	48.35	48.90	48.56
March	48.80	49.00	48.40	48.90
April	47.70	47.90	47.30	47.80
May	46.90	46.95	46.30	46.93
June	45.35	46.10	45.90	45.95

SILVER 5,000 troy oz, cents/troy oz	Close	High	Low	Prev
Jan	528.0	527.5	527.5	530.1
Feb	531.2	—	—	532.7
March	534.0	535.0	532.0	536.3
May	539.5	540.5	537.0	540.5
July	544.5	546.0	542.0	546.1
Sept	550.6	550.0	550.0	552.0
Dec	562.4	—	—	563.8
Jan	565.9	—	—	567.7
March	574.5	575.0	575.0	575.9

SUGAR WORLD "11" 112,000 lbs, cents/lb	Close	High	Low	Prev
Jan	5.36	5.37	5.27	5.44
March	6.10	6.16	6.05	6.21
May	6.29	6.33	6.25	6.41
July	6.48	6.49	6.40	6.56
Sept	6.47	—	—	6.57
Oct	6.69	6.72	6.63	6.80
Jan	6.79	—	—	6.90

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb	Close	High	Low	Prev
Feb	56.42	56.50	55.75	55.97
April	56.22	56.55	56.05	56.15
June	54.55	55.20	54.40	54.47
Aug	52.52	54.95	54.42	54.52
Oct	53.90	54.00	53.67	53.67

LIVE HOGS 30,000 lb, cents/lb	Close	High	Low	Prev
Feb	48.17	48.27	47.45	47.95
April	44.17	44.25	43.42	43.70
June	46.05	46.35	45.65	45.90
July	45.42	45.55	45.57	45.10
August	42.62	43.20	42.30	42.45
Oct	40.52	40.82	40.45	40.45
Dec	38.95	39.00	38.50	39.00

MAIZE 5,000 bu min, cents/56 lb bushel	Close	High	Low	Prev
March	160.0	160.4	159.0	161.2
May	168.0	168.4	167.0	169.0
July	172.6	173.2	172.0	174.0
Sept	178.0	178.4	177.4	178.4
Dec	181.4	181.4	180.6	182.2
March	189.0	190.0	189.2	190.4
May	194.0	194.0	193.4	194.4

PORK BELLIES 38,000 lbs, cents/lb	Close	High	Low	Prev
Feb	65.05	65.60	65.20	65.05
March	67.17	67.25	64.35	65.22
May	65.60	64.45	64.35	65.52
July	65.25	65.40	63.30	63.75
Aug	62.90	62.90	60.75	61.42

SOYABEANS 5,000 bu min, cents/60lb-bushel	Close	High	Low	Prev
Jan	489.0	489.2	485.6	487.4
March	492.4	492.6	489.0	490.4
May	496.2	496.4	492.4	493.6
July	499.0	499.0	495.4	496.4
Aug	496.4	499.0	495.4	496.0
Sept	493.0	493.0	490.0	431.0
Nov	493.4	494.0	489.4	490.4
Jan	501.2	501.4	497.4	497.4

SOYABEAN MEAL 100 tons, $/ton	Close	High	Low	Prev
Jan	141.4	141.7	140.3	140.4
March	142.6	143.1	141.8	141.5
May	144.0	144.1	142.7	142.5
July	145.2	145.3	143.8	143.6
Aug	146.0	146.0	144.3	144.1
Sept	146.5	146.5	144.7	144.5
Oct	147.0	147.0	145.3	145.0
Dec	146.5	148.0	147.0	145.0

SOYABEAN OIL 60,000 lb, cents/lb	Close	High	Low	Prev
Jan	15.18	15.28	15.15	15.32
March	15.46	15.61	15.47	15.65
May	15.76	15.86	15.76	15.90
July	15.88	15.95	15.88	16.03
Aug	15.85	15.90	15.83	15.98
Sept	15.82	15.85	15.76	15.90
Oct	15.82	15.85	15.75	15.90
Dec	15.76	15.92	15.76	15.90

WHEAT 5,000 bu min, cents/60 lb-bushel	Close	High	Low	Prev
March	274.2	274.6	271.4	273.2
May	260.4	261.4	258.2	258.4
July	244.4	245.2	242.2	244.0
Sept	245.0	246.0	243.6	244.2
Dec	250.0	251.0	250.0	250.0
March	274.2	274.6	271.4	273.2

SPOT PRICES—Chicago loose lard 15.50 (same) cents per pound. Handy and Harman silver bullion 526.5 (531.0) cents per troy ounce.

OIL

Crude trading was thin for all grades. Brent prices moved little during the day and closed unchanged from the previous London close. February WTI opened 18c down on Nymex but recovered to trade only 7c down at 1.30 pm EST. The petroleum products market remained quiet. Price talks and the deals done were at higher levels for all products—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB($ per barrel)—Jan.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.75-16.90	+0.025
Brent Blend	17.55-17.75	—
W.T.I. (1pm est)	17.56-17.60*	—0.05
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	161-164	—
Gas Oil	143-145	—
Heavy fuel oil	90-92	+2
Naphtha	149-151	+4

Turnover: 65 (0) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close	+ or —	Business Done
	US $ per tonne		
Jan	93.25	+3.25	93.25-93.00
Feb	93.00	+1.75	93.00-91.00
Mar	93.00	+0.50	93.00

Turnover: 0 (0) lots of 100 tonnes.

GAS OIL FUTURES

Month	Yest'rdy's close	+ or —	Business Done
	US $ per tonne		
Jan	144.75	+1.25	144.75-43.25
Feb	147.75	+0.25	148.25-46.50
Mar	147.75	+0.25	148.00-46.75
Apr	143.50	—0.25	144.50-43.25
May	141.00	+0.50	141.00-40.50
June	140.50		149.50-39.75

Turnover: 3,500 (637) lots of 100 tonnes.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 92.59p per kg lw (—3.11). GB—Sheep 224.90p per kg est dcw (—10.78). GB—Pigs 77.15p per kg lw (—3.77).

FUTURES—Pigmeat: Jan 102.00. Sales: 10.

GRAINS

Old crop wheat opened at unchanged levels but progressed on a steady note, particularly in nearby positions. Smaller than expected first-day January tenders kept the spot position steady despite only 17 lots trading, while keen shipper and country buying interest, in the March position in particular, always absorbed the light long liquidation and hedge selling interest. Old crop barley found negligible two-way trade with the main feature being over 150 lots of shipper crosses in the January position at 25p up. New crop wheat saw modest consumer buying interest absorb country hedge selling. New crop barley saw country selling absorbed by shipper switch interest, reports T. G. Roddick.

WHEAT Mnth	Yesterday's close	+ or —	BARLEY Yest'rdy's close	+ or —
Jan	110.60	+0.75	110.75	+0.35
Mar	113.15	+0.55	113.40	+0.25
May	115.40	+0.50	114.85	+0.35
July	117.60	+0.15	—	—
Sep	101.05	+0.05	100.80	—
Nov	102.90	+0.05	102.95	+0.05
Jan	106.00	+0.05	105.85	+0.5

LONDON GRAINS—Wheat: US dark northern spring no 1 15 per cent Jan 101.50, Feb 104.00, Mar 104.25. US no 2 soft red winter Jan 106.50 quoted. French 11½-12 per cent Dec 140.50. English feed fob Jan 114.75 buyer, Feb 115.75/116.00, Jan/Mar 115.75/116.00. Apr/Jun 118.50/119.00 buyer/sellers. Maize: US no 3 yellow/French transhipment east coast Dec 142.00. Barley: English feed fob Jan 116.50 value English, Jan/Mar 115.50/116.50 buyer/sellers English/Scottish.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse, 2,300-2,360 (same).

BISMUTH: European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 2.15-2.25 (same).

CADMIUM: European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots, 0.85-0.90 (same), sticks, 0.85-0.90 (same).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.20-6.35 (6.15-6.35).

MERCURY: European free market, min. 99.99 per cent, $ per flask, in warehouse, 158-170 (155-165).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.05-3.10 (same).

SELENIUM: European free market, min. 99.5 per cent, $ per lb, in warehouse, 4.80-5.10 (same).

TUNGSTEN ORE: European free market, standard min. 65 per cent, $ per tonne unit WO, cif, 32-46 (same).

VANADIUM: European free market, min. 98 per cent VO, other sources, $ per lb VO, cif, 2.48-2.53 (same).

URANIUM: Nuexco exchange value, $ per lb UO, 17.00 (same).

FOREIGN EXCHANGES

Dollar held ahead of year end

THE DOLLAR showed little change yesterday, resisting pressure to push it lower. End of year technicalities prevented speculators from pushing the dollar down. However there was no change in sentiment and some dealers saw proximity of the year end merely as a stay of execution before strong pressure pushed the dollar weaker. The dollar's bearish feel was underlined yesterday by a 2.3 per cent fall in US single family home sales which offset an expected rise in leading economic indicators of 1.2 per cent. Today's trade figures are expected to provide further evidence of a large deficit and increased downward pressure on the US currency.

The dollar closed at DM 1.9460 up from DM 1.9435 on Monday and Y159.85 compared with Y159.00. Against the Swiss franc it finished at SFr 1.6255 from SFr 1.6230 and FFr 6.4425 compared with FFr 6.4275. On Bank of England figures, the dollar's exchange rate index closed at 102.9 from 103.7 on Monday.

STERLING—Trading range against the dollar in 1986 is 1.5535 to 1.3700. November average 1.4236. Exchange rate index finished at 69.0 compared with 69.1 at the opening and 69.3 on Monday. The six months ago figure was 76.2.

Sterling was steady ahead of the New Year. Sentiment was underpinned to some extent by firmer oil prices but trading was really confined to book squaring before the New Year. The pound was marginally firmer against the dollar at $1.4690 up from $1.4685 and was higher against the D-mark at DM 2.8575 compared with DM 2.8525. Against the yen it improved to Y234.75 from Y233.50. Elsewhere it finished at SFr 2.3875 from SFr 2.3825 and FFr 9.4650 compared with FFr 9.4375.

In Paris the D-Mark rose to an all time fixing level of FFr 3.3093 yesterday up from FFr 3.3078 on Monday. The Bank of France gave only limited support at the fixing, relying on a rise in the seven-day intervention rate to give the franc some support. Recent industrial problems on the French railways following closely in the wake of student riots tended to undermine confidence in the franc as did renewed attraction in the D-Mark. In London the D-Mark closed at FFr 3.3135 up from FFr 3.3080 on Monday.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9425. November average 162.77. Exchange rate index 144.6 against 135.4 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frankfurt when the dollar rose to DM 1.9600 from DM 1.9458 on Monday. Comments by Japanese Finance Minister Kiichi Miyazawa suggesting that the dollar should rise against the yen tended to reverse Monday's weaker dollar trend. However, there appeared to be insufficient volume ahead of the year end and dollar sentiment remained distinctly bearish. A rise in US leading economic indicators was offset by a fall in housing starts while today's trade figures could provide further bearish sentiment.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.55. November average 162.77. Exchange rate index 206.2 against 203.0 six months ago.

The yen was firmer against the dollar in Tokyo yesterday. Trading volume was relatively light ahead of the year end and with commercial trading already finished before starting the New Year. The dollar closed at Y159.20 compared with Y159.35 in New York and Y159.50 in Tokyo on Monday. The dollar's recent fall outside established trading ranges saw a low of Y158.95 touched during the morning. However, there was some reluctance to push the dollar lower because the thin trading conditions could have tempted central bank intervention. Elsewhere the D-Mark rose to Y81.80 from Y81.33.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu December 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	43.1139	43.2195	+0.24	+0.72	±1.5368
Danish Krone	7.81701	7.86273	+0.58	+1.06	±1.6403
German D-Mark	2.11089	2.07600	−1.65	−1.17	±1.1177
French Franc	6.87316	6.87476	+0.02	+0.50	±1.3659
Dutch Guilder	2.37833	2.34546	−1.38	−0.90	±1.5099
Irish Punt	0.764976	0.764262	−0.09	+0.39	±1.6683
Italian Lira	1476.95	1444.42	−2.20	+1.88	±4.0734

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Dec. 30	Latest	Previous Close
£ Spot	1.4675-1.4685	1.4675-1.4685
1 month	0.56-0.51 pm	0.40-0.38 pm
3 months	1.79-1.74 pm	1.60-1.57 pm
12 months	6.35-6.25 pm	6.47-6.38 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Dec. 30	Previous
8.30	am	69.1	68.7
9.00	am	69.1	68.7
10.00	am	69.0	68.6
11.00	am	69.0	68.7
Noon		69.0	68.6
1.00	pm	69.1	68.7
2.00	pm	69.0	68.7
3.00	pm	69.0	68.9
4.00	pm	69.0	68.9

POUND SPOT—FORWARD AGAINST THE POUND

Dec. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4625-1.4700	1.4685-1.4695	0.57-0.54c pm	4.53	1.73-1.68 pm	4.64
Canada	2.0205-2.0373	2.0205-2.0215	0.54-0.46c pm	2.94	1.34-1.20 pm	2.51
Netherlands	3.22¼-3.24	3.22¼-3.23¼	1⅝-1½c pm	4.64	5¼-5⅛c pm	4.64
Belgium	59.37-59.87	59.50-59.60	18-13c pm	3.12	50-41 pm	3.06
Denmark	10.82-10.85½	10.82½-10.83½	2⅝-1⅞ore pm	2.72	5⅛-4⅛ pm	1.87
Ireland	1.0510-1.0600	1.0540-1.0550	0.20-0.35p dis	−3.15	0.55-0.80 dis	−2.56
W. Germany	2.85¼-2.86¼	2.85¼-2.86¼	1½-1¼pf pm	6.04	4¼-4⅛ pm	5.95
Portugal	215.14-216.31	215.15-216.00	119-116c dis	−6.75	343-357 dis	−5.37
Spain	193.65-195.05	194.35-194.95	19-35c dis	−1.38	20-76 dis	−0.98
Italy	1980¼-1990½	1991½-1092½	2pm-2 lire dis	—	2pm-5dis	−0.90
Norway	10.87½-10.91¼	10.88½-10.89½	4-5¼ore dis	−5.10	11¼-13¼ dis	−4.57
France	9.44¼-9.47¼	9.46-9.47	1½-½c pm	1.01	1⅛-par pm	0.40
Sweden	9.97¼-10.02¼	10.00¼-10.01¼	½-par ore pm	0.30	2⅝-2⅛ pm	0.95
Japan	234¼-235½	234¼-235¼	1½-1¼y pm	6.71	3⅞-3½ pm	6.50
Austria	20.09-20.17	20.12-20.15	10¼-8¾gro pm	5.66	28⅝-24⅝ pm	5.26
Switzerland	2.38¼-2.39¼	2.38¼-2.39¼	1½-1¼c pm	7.21	4⅛-4 pm	6.90

Belgian rate is for convertible francs. Financial franc 60.20-60.30. Six-month forward dollar 3.46-3.41c pm. 12-month 6.50-6.40c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Dec. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4625-1.4700	1.4685-1.4695	0.57-0.54c pm	4.53	1.73-1.68 pm	4.64
Ireland†	1.3847-1.3960	1.3935-1.3945	0.86-0.76c pm	6.99	2.60-2.40 pm	7.19
Canada	1.3767-1.3840	1.3830-1.3840	0.17-0.20c dis	−1.61	0.73-0.77 dis	−2.17
Netherlands	2.1940-2.2160	2.2005-2.2015	0.18-0.13c pm	0.85	0.19-0.14 pm	0.30
Belgium	40.49-40.78	40.50-40.60	3½-5½c dis	−1.33	14-18 dis	−1.58
Denmark	7.36½-7.42¼	7.37-7.37½	2.90-2.20ore dis	−3.34	5.00-5.60 dis	−2.87
W. Germany	1.9425-1.9680	1.9455-1.9465	0.27-0.24pf pm	1.57	0.68-0.63 pm	1.34
Portugal	146½-147	146½-147	130-180c dis	−12.65	330-390 dis	−9.80
Spain	132.00-132.75	132.45-132.55	60-80c dis	−6.34	190-230 dis	−6.34
Italy	1353-1365	1355¼-1356¼	4-7 lire dis	−4.87	15-19 dis	−5.01
Norway	7.41-7.44½	7.41-7.41½	5.70-6.30ore dis	−9.71	17.10-17.70dis	−9.38
France	6.43¾-6.47½	6.44-6.44½	1.50-2.30c dis	−3.54	6.00-8.00 dis	−4.34
Sweden	6.80-6.84	6.81-6.81½	1.60-1.80ore dis	−3.00	5.80-6.10 dis	−3.49
Japan	159.70-160.75	159.80-159.90	0.32-0.27y pm	2.21	0.79-0.74 pm	1.91
Austria	13.69-13.78½	13.72-13.72½	3.90-2.70gro pm	2.89	5.23-3.00pm	1.20
Switzerland	1.6230-1.6430	1.6250-1.6260	0.40-0.35c pm	2.76	0.95-0.90 pm	2.27

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.95-41.05.

CURRENCY RATES

Dec. 30	Bank rate %	Special Drawing Rights*	European Currency Unit
Sterling	—	0.831759	0.725958
U.S. Dollar	5.5	1.22019	1.06467
Canadian $	8.47	—	1.46970
Austrian Sch.	4	N/A	14.6172
Belgian Franc	8	49.5763	43.2155
Danish Krone	7	9.01310	7.86275
Deutsche Mark	3½	N/A	2.07600
Neth. Guilder	4½	2.69113	2.34546
French Franc	9½	N/A	6.87476
Italian Lira	12	—	1444.42
Japanese Yen	3.0	194.132	170.658
Norway Krone	8	9.05491	7.91010
Spanish Peseta	—	161.547	141.062
Swedish Krona	7½	8.32048	7.25802
Swiss Franc	4	1.98708	1.73426
Greek Drach.	20½	N/A	148.280
Irish Punt	—	—	0.764262

*CS/SDR rate for Dec. 29; 1.68611

CURRENCY MOVEMENTS

December 30	Bank of England Index	Morgan Guaranty Changes %
Sterling	69.0	−24.6
U.S. Dollar	103.9	+1.3
Canadian Dollar	76.9	−12.9
Austrian Schilling	135.5	+9.7
Belgian Franc	93.3	−5.2
Danish Krone	91.0	+2.9
Deutsche Mark	144.6	+20.8
Swiss Franc	168.3	+21.0
Guilder	132.4	+13.7
French Franc	71.0	−12.9
Lira	45.6	−15.3
Yen	206.2	+53.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Dec. 30	£	$
Argentina	1.8215-1.8265	1.2430-1.2470
...	[illegible]	[illegible]
S. Af. (Cm)	3.2230-3.2240	2.2025-2.2075
S. Af. (Fn)	6.3895-6.8980	4.4945-4.7060
Taiwan	52.05-52.35	52.50-52.60
U.A.E.	5.3855-5.3910	3.6725-3.6735

* Selling rate

EURO-CURRENCY INTEREST RATES

Dec. 30	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
Sterling	11⅛-11⅜	11⅛-11¼	11¼-11⅛	11⅜-11⅜	11¼-11⅛	11⅛-11¼
U.S. Dollar	n/a	7⅛-7¼	6⅜-6⅛	6⅛-6⅜	6⅛-6⅛	6⅛-6⅛
Can. Dollar	9⅛-9⅜	7⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛	8⅛-8⅛
D. Guilder	6⅛-6⅝	6⅛-6⅛	6⅛-6⅛	6-6⅛	5⅞-6	5⅜-5⅜
Sw. Franc	3⅛-4	3-3⅛	3⅛-3⅜	3⅞-4	3⅞-4	3⅞-4
Deutschmark	13⅛-15⅛	5-5⅛	4⅛-4⅝	4⅜-4⅜	4⅜-4⅜	4⅜-4⅜
Fr. Franc	8-8⅛	9-9⅛	9⅛-9⅝	10-10⅛	9⅛-10	8⅛-9⅛
Italian Lira	9⅛-11⅛	10⅛-12⅛	10⅛-11⅛	11⅛-11⅝	10⅝-11⅛	10⅝-11⅛
B. Fr. (Fin.)	6-6⅛	7-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛	7⅛-7⅛
B. Fr. (Con.)	5⅛-6⅛	7-8	7⅛-8⅛	8-8⅛	8-8⅛	7⅛-8⅛
Yen	3⅜-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
D. Krone	8-8⅛	9-9⅛	9⅛-10	10-10⅛	10⅛-10⅛	10⅛-10⅛
Asian $ (Sing.)	1-1⅛	n/a	4⅛-4⅛	3⅛-3⅞	3⅛-3⅛	3⅛-3⅛

Long-term Eurodollars: Two years 6½-6⅝ per cent; three years 7-7⅛ per cent; four years 7⅛-7⅛ per cent; five years 7⅛-7⅞ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec. 30	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
...	[illegible]									
Lira	0.502	0.737	1.434	117.8	4.752	[illegible]				
C $	0.495	0.727	1.414	116.2	4.683	[illegible]				
B Fr.	1.479	2.467	4.798	394.2	15.89	[illegible]				

Yen per 1,000. French Fr per 10. Lira per 1,000. Belgian Fr per 100.

FINANCIAL FUTURES

Weak in quiet trading

DOLLAR DENOMINATED contracts weakened on the London International Financial Futures Exchange yesterday, in a continuation of Monday's selloff in Chicago. Conflicting evidence about the US economy combined with firm oil prices and a high Federal funds rate to depress US Treasury bond and Eurodollar deposit futures. It was also expected that yesterday's auction of seven-year US Treasury notes would find only light demand.

A rise of 1.2 per cent in November US leading indicators was higher than expected, but this was partly offset by a downward revision in the October rise to 0.5 per cent from 0.6 per cent. The rise in the November index was the largest since January 1985, and reflected advances in eight of the 11 indicators.

On the other hand US sales of new single family homes fell 2.2 per cent in November, but the market's reaction to both the leading indicators and house sales figures was muted.

Dealers said the surprising rise in leading indicators would have been expected to push prices lower, but the market had already been sold off, and in very thin trading there was no weight behind the downward trend.

March US Treasury bonds opened at 99-23, and rose to a high of 99-30 on buying by a US securities house. The contract fell back to a low of 98-08, and closed at 98-12, compared with 98-04, without showing much reaction to the US data.

Long term gilt futures for March delivery opened at 112.30, the day's high, and fell to a low of 111.25. There was little reaction to the Bank of England announcement about extra liquidity for the money market, but the contract found support and recovered to close at 112.09, against 112.13 previously.

LIFFE LONG GILT FUTURES OPTIONS

LIFFE US TREASURY BOND FUTURES OPTIONS

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

LIFFE $ CURRENCY OPTIONS

LONDON SE £$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE—EURODOLLAR OPTIONS

LONDON

20-YEAR 12% NOTIONAL GILT

10% NOTIONAL SHORT GILT

THREE-MONTH STERLING

FT-SE 100 INDEX

THREE-MONTH EURODOLLAR

U.S. TREASURY BONDS 8%

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

IMM—STERLING

LIFFE—STERLING

CHICAGO

U.S. TREASURY BONDS (CBT) 8%

JAPANESE YEN (IMM)

DEUTSCHE MARK (IMM)

THREE-MONTH EURODOLLAR (IMM)

U.S. TREASURY BILLS (IMM)

SWISS FRANC (IMM)

STANDARD & POOR'S 500 INDEX

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

MONEY MARKETS

London rates ease

INTEREST RATES had a slightly easier tone on the London money market yesterday, as sterling remained firm against the dollar, and the Bank of England offered temporary facilities to offset a seasonal shortage of credit. The authorities are offering a sale and repurchase agreement from January 6 to March 9, equal to 1 per cent of eligible liabilities. This will total some £1.4bn if fully taken up. The move is seen as a routine smoothing operation, as a result of seasonal tax payments, and is designed to avoid upward pressure on interest rates for technical reasons.

UK clearing bank base lending rate 11 per cent since October 15

Three-month interbank eased to 11⅛-11⅛ per cent from 11⅛-11¼ per cent.

The Bank of England initially forecast a money market shortage of £450m, but revised this to £350m at lunch and to £200m in the afternoon. Total help of £244m was provided.

Before lunch the authorities bought £213m bills outright, by way of £25m bank bills in band 1 at 10⅞ per cent; £82m bank bills in band 2 at 10⅜ per cent, £2m bank bills in band 3 at 10¾ per cent, and £104m bank bills in band 4 at 10⅜ per cent.

In the afternoon the Bank of England purchased another £31m bills outright, through £8m bank bills in band 2 at 10⅜ per cent; and £23m bank bills in band 3 at 10¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £334m, with Exchequer transactions absorbing £60m, and bank balances below target £185m. These outweighed a fall in the note circulation adding £115m to liquidity.

In Paris the Bank of France raised its seven-day repurchase rate to 8¼ per cent from 7¾ per cent to help relieve pressure on the French franc. The weak dollar has increased demand for the D-Mark, putting pressure on the French franc in the EMS. Transport strikes in France following the student riots earlier this month, have added to the depression surrounding the franc.

In Frankfurt call money was slightly firmer at 5.325 per cent, compared with 5.475 per cent as liquidity drained from the banking system to repay Federal Government funds lent by the Bundesbank last week. The outflow was estimated at DM 6bn, but was partly offset by payment of public authority salaries.

In Amsterdam the Dutch Central Bank eased a tightness of liquidity by adding Fl 7.462bn to the money market through special advances from today until January 9. Earlier advances of Fl 4.1bn expire today. The interest rate at yesterday's tender was 6.2 per cent, compared with 6 per cent previously.

FT LONDON INTERBANK FIXING

MONEY RATES

NEW YORK (Lunchtime)

LONDON MONEY RATES

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

MINES—Continued

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

147	30	Anglo-Dominion	146	-1	—	—	—
42	19½	Anglo Utd	34	+1	—	—	—
80	24	♥Colby Res Corp.	24	-3	—	—	—
300	115	Cons. Murch. 10c	£17½	....	Q60c	4.4	9.9
44	24	♥Ennex Int. Ir10p	39	....	—	—	—
164	70	Greenwich Res	153	....	—	—	—
327	165	♥Highwood Res	202	-2	—	—	—
£20¾	£13½	Homestake Mining $1	£16¾	-¼	Q20c	—	0.8
310	156	♥McFinley Red Lake	185	-1	—	—	—
285	123	♥Musto Explorations	123	-14	—	—	—
51	28	♥New Sabina Res C$1	39½	....	—	—	—
353	200	Northgate C$1	308	+4	—	—	—
790	513	RTZ	699	+6	22.0	2.4	4.6
£164	£115	Do. 9⅞pcLn '95-2000	£142¾	+1	Q9⅞%	15.5	16.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ◆ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- § Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ◻ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	60	....	Fin 13% 97/02	£98½	....
Craig & Rose £1	£15	+¼	Arnotts	402	+12
Finlay Pkg. 5p	51	....	CPI Hldgs.	42	....
Holt (Jos) 25p	820	-5	Carroll Inds.	141	....
IoM Stm £1	78	....	Dublin Gas	18	....
			Hall (R & H)	100	....
IRISH			Heiton Hldgs.	27	....
Fund 11¼% 1988	£97¼	....	Irish Ropes	145	....
Nat. 9¼% 84/89	£91½	....	Unidare	285	....

"Recent Issues" and "Rights" Page 18
(International Edition Page 22)

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Dec 8	Dec 18	Dec 19	Jan 5
Dec 22	Jan 8	Jan 9	Jan 19
Jan 12	Jan 22	Jan 23	Feb 2

* New time dealings may take place from 9.00 am two business days earlier.

Government bonds and equities remain confident in sluggish trading session

Trading activity on the UK securities markets died away yesterday afternoon as London prepared itself for the New Year holiday which begins today in several of the Continental financial centres.

The mood remained optimistic. Government bonds ended with small mixed changes but equities steadied after a dull start.

At the end of the session, the FT Government Securities index was 0.27 up at 83.52. The FT-SE 100 index closed 1.5 up at 1,673.1, and the FT Ordinary index 1.5 better at 1,308.6.

Both sectors continued to pin their faith on a rise in oil prices in the New Year, which would take sterling higher and thus reduce upward pressures on UK interest rates. For the present, this optimistic mood has been unshaken by the falls in New York bonds ahead of the batch of Federal economic data due at the end of this week.

Turnover in gilt-edged was light, but some prices ended ⅜ down, reflecting the lack of a lead from either oil prices or sterling. The softening in long-dated stocks indicated little more than the unwillingness of traders to open positions ahead of today's session, when many European banks will close early.

The Bank of England announced that tenders for the £600m of 2½ per cent index-linked stock—tax-free to non-UK residents—offered last week, have been allotted in full at £78. This indicates that, as expected, the stock was not fully sold and that the remaining portion will be available for operation as a tap stock.

The gilt-edged market showed little concern over the final UK money supply figures for November which are due today, and likely to confirm the increase in bank lending reported earlier this month.

In the stock market, bank stocks continued to move up ahead of the annual results season which opens in January. Press comment helped the big clearing banks, and Trustee Savings Bank edged higher with the rest of the sector.

But oil shares traded very quietly, and showed little change in price. Turnover in **British Petroleum**, at 583,000 shares, was barely one-third of recent daily averages, and set the pace for the rest of the sector. Small sellers of **British Gas** were comfortably taken up by institutional buyers, and the stock showed little change on turnover of 41m shares.

Some speculative stocks attracted business, however. **Guinness**, encouraged by its US court victory against competing importers, edged higher in brisk turnover (3.2m).

Morgan Grenfell flat

The after-hours' announcement that Mr Roger Seelig had resigned as a director and that the company were ceasing to act as advisers to Guinness further demoralised the much-troubled **Morgan Grenfell**. The shares already nervously sold down to 378p, succumbed to fresh late offerings and closed a *depressed session* 13 lower at 370p. **Guinness**, meanwhile reacted from a firm level of 294p on the news to finish only a penny better at 290p. **Henry Ansbacher**, however, also suddenly caught up in the Guinness controversy, closed a penny dearer at 87p. Elsewhere, investors began to show an increased interest in the major clearers ahead *of the forthcoming* dividend season. **Lloyds**, which have been unsettled of late by heavy investor switching into Barclays, revived and touched 442p before closing 3 better on balance at 437p. **Barclays** advanced 4 at 508p, after 512p, and **Midland** jumped 12 at 594p. **NatWest**, scheduled to report annual figures on February 24, moved up 9 at 542p. Even **TSB**, which have been a friendless market since its flotation in October, attracted useful support—well over 3m shares changed hands—and the close was a penny better at 75p; full year figures here are due on January 29. Elsewhere, the appearance of a large overseas buyer and vague rumours that Westmac could be interested in the bank, left **Standard Chartered** 4 to the good at 788p after 791p.

Guinness aside, relatively subdued conditions prevailed in the drinks sector. Occasional enthusiasm was noted for **Whitbread "A,"** 263p, and **Allied-Lyons**, 319p, both around 3 to the good. Regionals rarely strayed from their overnight positions. **Buckleys**, the Llanelli-based concern, hardened 2 to 160p as Tony Cole's **Bestwood**, unchanged at 148p, purchased another 137,500 shares, lifting its holding to 26.05 per cent.

Leading Buildings displayed little alteration overall, but one or two issues still attracted a reasonable two-way business. **BPB Industries** were a relatively active market and settled a shade better at 530p, while **Blue Circle**, in which *Adelaide Steamship of Australia* recently increased its holding, were 2 better at 673p. **Barratt Developments**, a firm market on Monday reflecting a chart buy signal, eased back in the absence of further buying interest to close 3 cheaper at 156p. **AMEC** softened a penny to 270p. Elsewhere, **Finlan** continued to respond to an investment recommendation and added 3 more to 101p, while **Sandell Perkins** firmed 2 afresh to 182p. **McCarthy and Stone** were supported at 303p, up 3, but end-year profit-taking left **Helical Bar** 8 down at 428p. Buyers favoured **Ramus**, 4 dearer at 115p and **Wettern Brothers**, 5 higher at 135p. **F. Copson** gained 10 to 110p; Mr R. Thompson's offer for the company closed yesterday.

In contrast to Monday's bright performance, Stores traded in subdued fashion and finished a shade easier for choice. Further consideration of the company's limited expansion into the US retail market clipped a couple of pence from **Marks and Spencer** at 179p.

FINANCIAL TIMES STOCK INDICES

	Dec. 30	Dec. 29	Dec. 24	Dec. 23	Dec. 22	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	83.52	83.25	83.14	82.96	82.89	82.81	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	89.60	89.53	89.77	89.72	89.67	88.78	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,308.6	1,307.1	1,301.2	1,294.7	1,286.11	1,131.4	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	298.2	299.0	299.6	308.9	309.2	249.8	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.39	4.39	4.41	4.43	4.45	4.38				
Earnings Yld.%(full)	10.39	10.41	10.46	10.51	10.57	10.89				
P/E Ratio (net) (*)	11.81	11.79	11.73	11.68	11.698	11.33				
SEAQ Bargains (5 pm)	25,720	22,827	10,000	25,461	30,012	—				
Equity Turnover (£m)	—	751.33	675.13	867.6202	1,234.02	230.91				
Equity Bargains	—	31,651	19,138	46,625	46,774	16,851				
Shares Traded (ml)	—	308.4	233.0	430.5	559.1	124.9				

S.E. ACTIVITY

Indices	Dec. 29	Dec. 24
Gilt Edged Bargains	99.6	51.56
Equity Bargains	205.1	124.0
Equity Value	1518.6	1364.6
5-Day Average		
Gilt Edged Bargains	99.5	101.7
Equity Bargains	252.1	289.1
Equity Value	1951.5	2151.4

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
—	1305.9	1306.2	1308.9	1309.2	1309.0	1308.7	1308.9

Day's High 1309.4. Day's Low 1305.9

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.38.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Racal advance

Racal featured the Electrical majors, rising 6 to 188p on further consideration of the group's plan to buy out minority partners in its Vodafone cellular telephone network in a £111m cash and shares deal. **BICC**, meanwhile, revived with a gain of 5 at 261p, while **GEC** hardened a penny at 185p and **Thorn EMI** put on 2 at 469p. Elsewhere, some old speculative favourites showed to good advantage. **D.J. Security Alarms** moved up 13 at 103p and **Holmes Protection** gained 5 at 130p, in response to revived takeover speculation. Improvements of 4½ and 8 respectively were seen in **Microvitec**, 37½p, and **Oceonics**, 24p. **Apricot Computer**, on the other hand, cheapened 2 to 48 on reports of a broker's "sell" recommendation.

A little more interest developed in the Engineering leaders. **Vickers**, still reflecting a New Year Press recommendation, firmed 7 more to 406p, while occasional *buying interest* left **GKN** a shade dearer at 268p. Elsewhere, **Simon** drifted back to close 6 lower at 298p on the announcement that Valuedale has extended its offer worth 280p per share until January 12. **Birmingham Mint** hardened 3 *more to 168p in the wake of recent* Press mention, while buying interest revived in **Laird Group** which put on 5 to 253p. Demand in *a limited market left* **Tace** 25 to the good at 395p, but **TI**, a rising market of late on hopes of further rationalisation moves, ran back 8 to 489p on profit-taking.

Leading Foods showed little alteration, but secondary issues displayed several noteworthy movements. **Hillards**, a neglected market of late, revived strongly and rose 10 to 173p, while **Squirrel Horn**, still reflecting Press comment, gained 4 more to 96p. **Bernard Matthews**, a dull market recently on reports of a turkey glut, continued to rally and closed 13 higher at 283p. **Bensons Crisps** *added a penny to 47p following* a Press mention, while **Freshbake**, quoted ex rights, were a fraction dearer at 116p; the new nil paid shares were quoted at 13p premium. **Hillsdown Holdings** shed 5 to 211p following acquisition news.

Grand Metropolitan drifted off to close a penny at 460p, but **Ladbroke** continued to attract buyers and hardened 3 more to 383p. **Trusthouse Forte** were steady at 177p.

Pearson were again briskly traded (2.3m) in the wake of continuing bid rumours and touched 619p before closing 11 higher on balance at 616p. **Williams Holdings**, still reflecting a New Year Press tip, advanced 13 further to 562p, while **Appledore** advanced 12 to 240p in a restricted market on *property development* hopes. Demand persisted for **Metal Closures**, up 6 more at 176p, following a recent newsletter recommendation. **Fothergill and Harvey** hardened 2 to 253p in response to the profits and divend forecast and further rejection of the bid from Courtaulds. **Ipeco** were supported again and put on 8 more to 113p, while **Whitecroft** came to life with a gain of 11 at 249p. **British Aerospace**, still reflecting the announcement of US orders worth around £90m, advanced 5 further to 511p. **Wyndham**, in contrast, eased 3 to 130p following the interim statement. Among the leading miscellaneous industrials, **Pilkington**, awaiting further moves in the BTR bid situation, eased to 655p initially, but recovered to close unaltered on balance at 661p. A reasonable trade developed in **Hanson Trust** (3.0m) which closed at 190p.

Television issues were selectively firm. **Yorkshire** revived with a gain of 10 at 195p, while recently-issued **Border TV** put on 5 to 49p. **TV-am** hardened a penny to 212p. Among Leisure issues, **First Leisure** firmed 5 to 415p reflecting press comment. **Media Technology** rallied 6 to 106p.

A New Year recommendation by brokers Hoare Govett gave **Jaguar** fresh impetus after the previous session's rise on record production figures and the shares gained 6 more to 531p. A better feeling also emerged among Motor Components and **Lucas Industries** rose 2 to 473p, while **Dowty** revived with an improvement of 2 to 220p. Distributors, however, fell out of favour. **Lex Service** lost 7 to 282p after brokers James Capel lowered its profits forecasts for the group; this year's figure has been reduced from £30m to £28m and that of 1987 from £36m to £31m. Sporadic profit-taking brought **Western Motor** back 15 to 198p.

A fresh bout of profit-taking in front of the preliminary statement, due tomorrow week, lowered **Associated Newspapers** 6 to 411p, but **Home Counties** prospered and eventually attained a 1986 high point of 275p, up 5. Among Advertising Agencies, **Valin Pollen** improved 5 to 165p; the annual results are scheduled for January 7.

Among Properties, **Land Securities** edged up to 338p, but **MEPC**, one of the sector's long-standing bid favourites, were a shade easier at 339p. Secondary issues displayed a couple of noteworthy movements. **Standard Securities** attracted speculative support and rose 15 to 250p in a restricted market, while **London Metropolitan** added a penny to 17½p in belated response to press comment. Property acquisition news failed to inspire **Towngrade Securities**, unchanged at 35p.

After a sluggish start **British and Commonwealth** moved higher and late in the day went more strongly ahead to close 11 dearer on balance at 301p. **P&O** were also bought again and ended 7 up at 523p but **Sea Containers** dropped 80 to a fresh low for the year of 894p.

Suggestions that **Courtaulds** would have to raise its bid in order to acquire Fothergill and Harvey put a damper on the former which fell 6 to 307p. Several other Textile leaders were dull but the sector featured numerous speculative gains. Revived property hopes lifted **Early's of Witney** 7 to a 1986 high of 163p, while **Tomkinsons** rose 5 to 238p and **S. Lyles** 4 to 131p. Takeover speculation forced **Hugh Mackay** up 7 to a new peak for the year of 118p; last August the shares rose to just short of this level and the movement brought a denial of bid talks from a director.

A report highlighting the possibility of a New Year price war bringing fresh pressure on profit margins throughout the tobacco industry had scant impact. **BATS Industries** slipped only 3 to 468p and **Rothmans International** gained 6 to 179p.

Noteworthy movements among Investment Trusts were few but Financial issues presented a couple of features. Light demand took **Frost Group** up 3 to a new peak for the year of 125p and **J. T. Parrish** rose 11 to 360p but **NMC Investments** ran into profit-taking and closed 5 down at 173p.

Oils drift

Turnover in the Oil sector contracted and the leaders, steady for most of the session, drifted back late in the day to close with minor losses on balance. **British Petroleum**, settled a penny cheaper at 720p, as did **Shell**, at 980p. **Britoil**, a particularly good market of late, came back 2 to 169p and **Ultramar** shed a penny to 158p. Against the trend, **Tricentrol** added 2 to 66p and **Sapphire** added a penny to 24p, the latter reflecting Press comment. Ireland's **Conroy Petroleum** encountered selling and shed 9 to 96p.

Revived talk of takeover possibilities accompanied buying of **Inchcape** which closed 8 higher at [illegible], the session's best level of 503p.

Golds remain subdued

Activity in mining markets remained at an extremely low ebb. Dealers continued to report thin trading in South African Golds—the Financial Rand's dull showing against the dollar failed to entice fresh interest from Johannesburg operators—and with a number of Continental centres reluctant to participate ahead of national holidays today, quotations drifted gently throughout.

Losses among heavyweight Golds were fractional, **Randfontein** closing ¼ lower at £62. Among the smaller-priced producers, losses of around 10 were common to **Freegold**, 754p, and **Doornfontein**, 715p. The FT Gold Mines index fell 0.8 to 298.2—its fifth consecutive decline.

Australians also held close to overnight levels as business in domestic markets again centred on industrial counters. Bullion's uninspiring performance left **Central Norseman** 15 off at 678p and **Whim Creek** 5 lower at 245p, but **Metana** remained in fine fettle, rising 3 for a two-day advance of 10 to 338p.

Bullion, down to its lowest level for some three weeks at the afternoon fixing of $388.75, staged a minor rally to close 25 cents up on balance at $389.75 an ounce. Platinum was fixed at $472.75, a fall of $3.5 on the previous day's figure, and **Rustenburg**, 682p, and **Impala**, 762p, gave up 17 and 6 respectively.

Traded Options

Traded option volume continued to improve and total contracts transacted amounted to 18,174. **British Gas** again proved to be the star performer with 3,646 calls and 1,524 puts struck. Operators also displayed revived enthusiasm for **Hanson Trust** and **British Telecom**, while **TSB** contributed 1,865 calls and 812 puts.

Traditional Options

- First dealings Dec 15 Jan 5 Jan 19
- Last dealings Jan 2 Jan 16 Jan 30
- Last declaration Mar 19 Apr 2 Apr 23
- For Settlement Mar 30 Apr 13 May 5

For rate indications see end of Unit Trust Service

Lively conditions continued to prevail among options with calls transacted in Amstrad, Fergebrook, Sears, Bristol Channel Ship Repairers, Camford Engineering, Blackwood Hodge, Conroy, James Finlay, C. H. Bailey, Morgan Grenfell, Hawley, Bernard Matthews, Norfolk Capital, Tip Top, Munton Brothers, Chloride, Tricentrol, United Guarantee, Dares Estates and Reabrook. A put was taken out in Audiotronic, while doubles were struck in Bestwood and Royal Insurance.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 6 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	1,200	154	-2	Land Securities	223	338	+1
Allied Lyons	493	319	+3	Legal & Gen.	1,000	255	+7
BAT	586	468	-3	Lloyds Bnk.	700	437	+3
BOC	388	371	+1	Lonrho	2,100	247	+4
BTR	864	271	+3	Marks & Spencer	2,300	179	-2
Barclays	1,100	508	+4	Midland Bank	755	594	+12
Bass	328	780	-1	NatWest Bank	976	542	+9
Beecham	372	441	-2	Pearson	2,300	616	+11
Blue Circle	272	673	+2	P & O	264	523	+7
Boots	1,300	231	—	Pilkington Bros	2,100	661	—
Brit. Aero	1,100	511	+5	Plessey	1,300	184	—
Brit. Gas	41,000	65½	+¼	Prudential	850	802	+3
Britoil	6,300	169	-2	Racal	12,000	188	+6
Brit. Telecom	3,400	216	—	Rank Org	447	527	—
Burton	2,000	284	—	Reckitt & Col	860	[illegible]	—
Cable & Wire	318	329	-3	Reuters	1,300	558	-3
Cadbury Schwps.	1,200	188	—	RTZ	193	699	+6
Coats Viyella	322	466	-2	Rowntree Mac	547	400	—
Comm. Union	1,300	266	+2	Royal Insurance	279	844	—
Cons. Gold	332	662	+1	STC	3,300	176	-1
Courtaulds	2,100	307	-6	Sainsbury	73	418	-2
Dee Corp	3,200	211	—	Sears	1,200	123½	-½
Dixons Grp.	720	317	+1	Sedgwick	696	300	-3
Fisons	304	535	—	Shell Trans	446	980	-1
Gen. Accident	74	799	+2	Smith & Nephew	881	125	-1
Gen. Elect.	1,300	184	—	Standard Chart.	1,500	788	+4
Glaxo	612	£10⅛	—	Storehouse	859	286	—
Grand Met.	2,300	460	-1	Sun Alliance	138	639	—
Gus "A"	14	£10⅛	-⅛	TSB	3,400	75	+1
Guardian R.E.	49	774	+7	Tesco	172	391	—
GKN	1,100	268	+½	Thorn EMI	444	471	+4
Guinness	3,200	290	+1	Trafalgar House	347	272	-1
Hanson Trust	3,000	190	—	Trusthouse Forte	727	177	—
Hawker Sidd.	450	443	-6	Unilever	58	£21½	—
ICI	802	£10⅞	-⅛	United Biscuits	253	232	+1
Jaguar	657	531	+6	Wellcome	1,300	235	—
Ladbroke	325	383	+3	Woolworth	365	710	—

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (105)

AMERICANS (1), BANKS (2), BUILDINGS (8), CHEMICALS (2), STORES (3), ELECTRICALS (8), ENGINEERING (6), FOODS (6), INDUSTRIALS (15), INSURANCE (3), LEISURE (6), MOTORS (3), NEWSPAPERS (3), PAPER (2), PROPERTY (4), TEXTILES (4), TOBACCOS (1), TRUSTS (21), OILS (2), OVERSEAS TRADERS (1), MINES (3).

NEW LOWS (10)

AMERICANS (3) Amfac, Honeywell, Hospital Corp. Amer. CANADIANS (2) Hudson's Bay, National Business Systems. INSURANCE (1) Sedgwick. PAPER (1) Norton Opax. SHIPPING (1) Sea Containers. MINES (2) Colby Resources, Musto Expln.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	85	15	12
Corporations, Dominion and Foreign Bonds	3	11	56
Industrials	420	426	692
Financial and Properties	139	152	293
Oils	26	31	58
Plantations	2	0	12
Mines	23	63	98
Others	31	113	73
Totals	729	811	1,294

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues Dec 30 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Mon Dec 29 Index No.	Wed Dec 24 Index No.	Tues Dec 23 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (210)	694.97	+0.3	9.00	3.76	14.06	17.69	692.57	689.99	687.46	569.74
2 Building Materials (27)	863.27	+0.2	8.79	3.56	14.32	21.45	861.62	855.55	853.32	628.19
3 Contracting, Construction (29)	1311.53	-0.2	8.00	3.93	17.19	32.88	1314.43	1316.03	1315.33	917.84
4 Electricals (12)	1749.30	+0.8	8.61	4.82	14.90	56.02	1735.18	1744.52	1732.71	1524.90
5 Electronics (38)	1541.16	+0.2	9.36	2.67	14.18	30.79	1537.50	1539.17	1528.60	1404.31
6 Mechanical Engineering (61)	393.12	+0.3	10.06	4.21	12.65	11.47	392.03	389.22	387.31	323.67
8 Metals and Metal Forming (7)	394.43	+0.4	10.31	4.19	11.78	10.32	392.96	390.44	389.75	239.44
9 Motors (15)	249.70	+0.6	10.25	3.89	11.25	6.98	248.08	266.08	264.46	206.36
10 Other Industrial Materials (21)	1179.52	+0.9	7.52	4.46	15.77	32.80	1169.47	1167.94	1168.32	1010.88
21 CONSUMER GROUP (186)	949.50	+0.1	8.07	3.36	15.62	22.69	950.42	946.78	940.22	783.44
22 Brewers and Distillers (22)	937.65	+0.3	9.87	3.69	13.85	25.07	935.22	923.43	922.29	783.64
25 Food Manufacturing (25)	734.82	—	9.21	3.82	14.22	19.96	735.12	731.90	731.32	565.80
26 Food Retailing (16)	1864.10	-0.1	7.09	2.87	19.65	35.41	1865.49	1852.85	1841.15	1725.97
27 Health and Household Products (10)	1648.15	-0.2	5.77	2.30	20.11	26.19	1650.65	1638.74	1630.62	1233.41
29 Leisure (29)	982.80	+0.4	7.64	4.13	17.11	27.99	978.19	974.29	967.56	751.25
31 Publishing & Printing (14)	2731.57	-0.2	7.13	4.17	18.08	77.81	2736.52	2737.83	2729.43	1835.56
32 Packaging and Paper (14)	492.53	+0.2	6.95	3.39	18.65	11.91	491.45	487.51	487.12	343.35
34 Stores (37)	833.67	-0.5	7.65	3.22	17.77	18.68	837.53	829.79	822.22	754.65
35 Textiles (17)	543.89	-1.0	9.70	3.78	11.66	14.49	549.53	550.38	550.85	383.26
36 Tobaccos (2)	1310.43	-0.4	12.63	3.95	8.49	38.02	1315.90	1321.18	1308.38	997.32
41 OTHER GROUPS (86)	820.06	—	8.80	4.05	14.59	23.03	820.16	818.35	819.41	708.04
42 Chemicals (20)	1012.28	-0.3	8.77	4.34	13.90	29.68	1014.95	1013.51	1012.42	736.20
44 Office Equipment (4)	261.24	+0.3	7.01	4.03	17.24	7.55	260.58	261.17	259.84	261.43
45 Shipping and Transport (12)	1570.58	+1.4	7.63	4.44	16.71	46.37	1549.25	1533.16	1516.34	1337.11
47 Telephone Networks (2)	847.64	-0.2	11.04	4.55	12.35	27.20	849.23	849.23	853.93	[illegible]
48 Miscellaneous (48)	1116.08	—	6.91	3.22	17.83	25.09	1116.10	1112.18	1114.56	877.92
49 INDUSTRIAL GROUP (482)	859.04	—	8.47	3.62	14.96	21.72	858.96	854.90	852.28	705.92
51 Oil & Gas (18)	1498.45	+0.1	11.37	6.05	11.12	63.41	1497.24	1492.22	1491.46	1117.69
59 500 SHARE INDEX (500)	913.18	—	8.90	3.98	14.24	24.98	913.00	908.86	906.42	741.37
61 FINANCIAL GROUP (118)	612.07	+0.5	—	4.67	—	19.16	609.11	609.97	608.87	516.53
62 Banks (8)	682.64	+1.1	18.49	5.58	7.43	24.78	675.48	675.98	675.98	558.06
65 Insurance (Life) (9)	864.94	+0.8	—	4.50	—	27.29	857.90	857.95	855.22	780.14
66 Insurance (Composite) (7)	453.70	+0.3	—	4.78	—	15.57	452.25	454.98	454.14	400.75
67 Insurance (Brokers) (9)	1119.12	-0.9	8.53	4.73	15.23	36.30	1128.90	1134.49	1131.04	1101.01
68 Merchant Banks (11)	347.00	-0.5	—	4.20	—	7.81	348.74	350.61	349.77	281.00
69 Property (49)	806.99	—	5.97	3.60	21.88	19.90	806.70	803.47	801.20	666.19
70 Other Financial (25)	364.49	+0.5	9.79	4.39	12.56	10.65	362.55	362.22	361.78	294.60
71 Investment Trusts (97)	869.61	-0.2	—	2.64	—	16.87	871.04	868.45	867.94	642.89
81 Mining Finance (2)	339.54	+0.6	9.20	4.73	12.78	11.30	337.53	337.62	334.20	244.41
91 Overseas Traders (13)	776.31	+0.7	10.23	5.76	11.82	29.87	770.80	768.48	766.95	590.28
99 ALL-SHARE INDEX (730)	832.80	+0.3	—	4.05	—	23.21	831.99	829.11	827.01	676.10

	Index No.	Day's Change	Day's High	Day's Low	Dec 24	Dec 23	Dec 22	Dec 19	Year ago
FT-SE 100 SHARE INDEX ♦	1673.1	+1.5	1674.6	1668.0	1671.6	1665.1	1660.9	1652.2	1398.9

FIXED INTEREST

PRICE INDICES	Tues Dec 30	Day's change %	Mon Dec 29	xd adj. today	xd adj. 1986 to date
British Government					
1 5 years	119.52	+0.12	119.38	—	11.68
2 5-15 years	131.85	+0.27	131.49	—	13.89
3 Over 15 years	138.05	+0.25	137.71	—	13.60
4 Irredeemables	150.02	+0.67	149.01	—	14.54
5 All stocks	129.85	+0.22	129.56	—	13.23
Index-Linked					
6 5 years	115.46	-0.15	115.63	—	2.57
7 Over 5 years	111.60	-0.05	111.65	—	3.30
8 All stocks	112.20	-0.06	112.27	—	3.14
9 Debentures & Loans	113.14	+0.89	112.19	0.05	11.85
10 Preference	79.02	+0.24	78.83	—	6.56

AVERAGE GROSS REDEMPTION YIELDS		Tues Dec 30	Mon Dec 29	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.82	9.81	10.17
2	15 years	10.13	10.17	10.31
3	25 years	10.13	10.17	10.28
4 Medium Coupons	5 years	10.81	10.87	11.18
5	15 years	10.47	10.49	10.64
6	25 years	10.47	10.50	[illegible]
7 High Coupons	5 years	10.86	10.89	11.25
8	15 years	10.64	10.67	10.79
9	25 years	10.27	10.29	10.41
10 Irredeemables		10.01	10.07	9.79
Index-Linked				
11 Inflat'n rate 5%	5 yrs	3.99	3.89	[illegible]
12 Inflat'n rate 5%	Over 5 yrs	3.86	3.86	[illegible]
13 Inflat'n rate 10%	5 yrs	2.45	2.36	[illegible]
14 Inflat'n rate 10%	Over 5 yrs	3.70	3.69	[illegible]
15 Debs & Loans	5 years	11.28	11.73	11.72
16	15 years	11.27	11.41	11.47
17	25 years	11.27	11.41	11.47
18 Preference		11.83	11.86	12.08

♦Opening index 1668.0; 10 am 1670.0; 11 am 1671.5; Noon 1674.3; 1 pm 1673.7; 2 pm 1673.3; 3 pm 1672.7; 3.30 pm 1673.2; 4 pm 1672.8.

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 28p.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Allied Lyons (*318)	280	42	53	60	1	5	[illegible]
	300	22	38	45	1¼	8	[illegible]
	330	2	17	25	17	22	[illegible]
	360	0½	8	—	45	45	[illegible]
B.P. (*720)	600	125	135	—	1	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

December 30. Total Contracts 18,174. Calls 12,696. Puts 5,478

FT-SE Index. Calls 1,236. Puts 419

*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P.E. Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

WORLD STOCK MARKETS

AUSTRIA

Dec. 30	Price Sch.	+ or —
Credit'nst'lt pp	2,130	+8
Goesser	3,950	-40
Interunfall	13,250	...
Jungbunzlauer	11,400	+10
Laenderbank	2,135	+5
Perlmooser	605	-15
Steyr Daimler	166	-2
Veitscher Mag	11,150	+55

BELGIUM/LUXEMBOURG

Dec. 30	Price Frs.	+ or —
B.B.L.	3,260	+60
Banq. Gen. Lux.	16,300	...
Banq. Int. A.Lux.	15,050	...
Bekaert	10,700	-200
Ciment CBR	4,005	-20
Cockerill	143	...
Delhaize	2,800	...
EBES	4,920	+15
Electrobel	14,925	...
Fabrique Nat	3,945	-75
GB Inno BM	8,140	-170
GBL (Brux)	6,600	+20
Generale Bank	6,190	+80
Gevaert	6,400	+20
Hoboken	6,000	+100
Intercom	2,950	+20
Kredietbank	4,150	.....
Pan Hldgs.	10,700	-150
Petrofina	9,980	+10
Royale Belge	29,416	...
Soc. Gen. Belge.	3,380	-30
Sofina	13,400	+1350
Solvay	8,350	+150
Stanwick Intl.	185	
Tractionel	6,430	+60
UCB	9,650	-250
Wagons Lits	5,600	+50

DENMARK

Dec. 30	Price Knr %	+ or —
Baltica Skand.	738	+15
Cop Handels'nk.	260	+3
D. Sukkerfab.	345	...
Danske Bank	314	+4
East Asiatic	175	+5
Forenede Brygg.	850	-5
GNT Hld	309	+20
I.S.S.B	710	+10
Jyske Bank	470	-5
Novo Inds*	244	+5
Privatbanken	254	+3
Sophus Berend.	700	...
Superfos	170	-3

FINLAND

Dec. 30	Price Mks	+ or —
Amer	191	+3
KOP	44.35	+0.85
Kone	191.5	...
Finnish Sugar	97.0	+0.2
Nokia	156.5	-1.0
Pohjola "B"	76.35	+1.38
Rauma Repola	19.1	...
Stockmann "B"	136.5	-1.0
USF "C"	29.1	+0.1
Wartsila (SI)	156.5	-1.0

NETHERLANDS

Dec. 30	Price Fls	+ or —
ACF Holding	64.3	-0.2
AEGON	88.2	+0.4
Ahold	115.0	-0.1
AKZO	167.1	.....
ABN	524	.....
AMEV	74.5	+0.3
AMRO	89.7	-0.2
Bredero Cert.	88	.....
Bos Kalis Westm	8.4	-0.2
Buehrmann Tet.	57.3	.....
Calland Holdings	19.6	.....
Dordtsche Pet'm	198	.....
Elsevier-NDU	251	-1
Fokker	57.3	-1.6
Gist Brocades	45.9	+0.8
Heineken	177.5	-0.5
Hoogovens	42.9	+0.1
Huntr Doug NN.	60.6	-1.4
Int. Mueller	69	-0.5
KLM	40	-0.2
KNP	160.5	-2.3
Naarden	90	.....
Nat Ned Cert.	80.2	-0.6
Ned Mid Bank	190.0	+1.6
Nedlloyd	176.7	.....
Oce Grinten	475	-1
Ommeren (Van)	37.3	+0.3
Pakhoed	71.8	+0.1
Philips	43.9	+0.3
Robeco	95	.....
Rodamco	157.7	-0.6
Rolinco	85.5	+0.1
Rorento	50.1	+0.3
Royal Dutch	209.2	-1.5
Unilever	519	-1
VMF Stork	26.6	-0.1
VNU	350	+2
Wessanen	84.8	+1.0
West Utr Bank	80	.....

GERMANY

Dec. 30	Price Dm.	+ or —
AEG	328.2	-1.1
Allianz Vers	2,261	+5
BASF	276.1	...
Bayer	316.6	-3.0
Bayer-Hypo	569	+6
Bayer-Verein	534	-1
BHF Bank	539	-1
BMW	553.5	+1.8
Brown Boveri	390	-12
Commerzbank	308	-1.5
Cont'l Gummi	342.5	+4.5
Daimler Benz	1,115xr	-7.0
Degussa	465	+9
D'sche Babcock	205	...
Deutsche Bank	822	-3.5
Dresdner Bank	407	...
Feld Muehle Nbl	287.5	-11
Henkel	493	-2
Hochtief	970	-10
Hoechst	260.4	-0.1
Hoesch Werke	117	+0.5
Holzmann (P.)	620	+6
Horten	235.5	-0.3
Hussel	635	+6.5
Karstadt	463	+7
Kaufhof	522	...
KHD	176	+8
Kloeckner	65	...
Linde	712	-2
Lufthansa	180	+1.5
MAN	195	-0.5
Mannesmann	172	-2
Mercedes Hld.	1,036	-7
Metallgesell	290	...
Muench Rueck	2,600	+50
Nixdorf	747	+2
Porsche	1,050	+50
Preussag	196	-0.5
Rhein West Elect	240.5	-1.0
Rosenthal	360	+2
Schering	677	-11
Siemens	747.5	+1
Thyssen	124	+1.3
Varta	401	-8.5
Veba	299	-0.7
V.E.W.	152.2	+0.8
Verein West	476	...
Volkswagen	427	-6.9

ITALY

Dec. 30	Price Lira	+ or —
Banco Com'le	23,980	-80
Bastogi IRBS	586	...
Centrale	3,370	...
C.I.R.	7,098	+74
Credito Italiano	3,285	-10
Fiat	14,250	+50
General Ass'cur.	132,700	-900
Italcementi	75,200	...
La Rinascente	865	-5
Montedison	2,890	-11
Olivetti	15,680	-70
Pirelli Co	6,610	+10
Pirelli Spa	4,995	-5
Saipem	4,651	+6
Snia BPD	4,830	-50
Toro Assic	32,400	...

FRANCE

Dec. 30	Price Frs.	+ or —
Emprunt 4½% 1975	1,595	+40
Emprunt 7% 1973	8,515	+85
Accor	472	-10
Air Liquide	701	-10
BIC	695	-20
Bongrain	2,490	+50
Bouygues	1,210	-60
BSN Gervais	4,300	-170
CIT Alcatel	2,360	-105
Carrefour	3,608	-72
Club Mediter'n	675	-45
Cie Bancaire	1,060	-50
Cofimeg	399	-5
Damart	2,325	-145
Darty	458	-10
Dumez S.A.	1,871	-51
Eaux (Cie Gen)	1,285	-35
Elf Aquitaine	315	-1.5
Essilor	3,740	-50
Gen.Occidentale	1,094	-4
Imetal	97.1	-3.9
Lafarge Coppee	1,341	-44
L'Oreal	3,920	+20
Legrand	5,260	-50
Maisons Phoenix	178	+10
Matra S.A.	2,305	-95
Michelin B	2,546	-67
Midi (Cie)	1,689	-72
Moet Hennessy	2,478	-58
Moulinex	84	-1
Nord Est	196.5	-6.5
Pernod Ricard	1,036	-34
Perrier	810	-12
Petroles Fra.	410	-9.5
Peugeot S.A.	1,165	-36
Printemps (Au)	528	+4
Radio tech	1,028	-22
Redoute	3,472	-7
Roussel-Uclaf	1,551	...
Sefimeg	469	-8
Skis Rossignol	1,250	-21
Telemec Elect	3,115	-35
Thomson (CSF)	1,530	-30
Valeo	519	+1

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

CANADA

TORONTO

Closing prices December 30

[illegible]

MONTREAL

Closing prices December 30

[illegible]

NEW YORK — DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

NYSE-Consolidated 1500 Actives

[illegible]

TORONTO	Dec 30	Dec 29	Dec 26	Dec 24	1986 High	1986 Low
Metals & Minls	1,957.7	1,957.5	(c)	1,962.53	2,442.85 (21/3)	1,817.4 (5/8)
Composite	3,048.8	3,045.1	(c)	3,045.65	3,129.11 (18/4)	2,754.8 (17/2)
MONTREAL Portfolio	1533.46	1533.7	(c)	1,534.86	1,623.3 (18/4)	1,386.6 (22/1)

* Indicates pre-close figure

Indices

[illegible]

** Saturday December 27: Japan Nikkei 18,701.3. TSE 1,556.37.

LONDON Chief price changes (in pence unless otherwise indicated)

RISES		
BICC	261	+5
Brit. Aerospace	511	+5
Brit. & Comm.	301	+11
DJ Security Alarms	103	+13
Early's of Witney	163	+7
First Leisure	415	+5
Hillards	173	+10
Home Count. Hldgs.	270	+5
Inchcape	503	+8
Jaguar	531	+8
Midland Bank	594	+12
NatWest Bank	542	+9
Oceonics	24	+8
Parrish (J.T.)	360	+11
Pearson	616	+11
P. & O. Defd.	523	+11
Racal Electronics	188	+6
Rothmans	179	+6
Spargos Expln.	32	+3
Squirrel Horn	96	+4
Tomkinsons	238	+5
Valin Pollen	165	+5
Whitecroft	249	+11
Williams Hldgs.	562	+13

FALLS		
Courtaulds	307	-6
Hillsdown Hldgs.	211	-5
Ivanhoe Gold	48	-13
Lex Service	282	-7
Morgan Grenfell	370	-13
Western Motor	198	-15

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 25

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NEW YORK CLOSING PRICES

Continued from Page 25

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
26½	17	AAR s	.44	1.9	17	196	24¼	23¾	23¾	−½
30	21¾	ADT	.92	3.4		787	27⅜	26¾	26¾	
33	16⅝	AFG s	.12b	.4	14	474	29¼	28½	29	+⅛
29	16¾	AGS			18	131	27¾	27½	27⅝	−⅞
15	6¾	AMCA				190	7	6⅞	6⅞	−⅛
62⅛	39¼	AMR			12	3042	53⅞	53⅛	53½	−½
27½	23⅞	ANR pf	2.67	10.		2	26	26	26	
16½	10	ARX	.71t	6.2	11	115	11⅝	11½	11½	
41½	28¾	ASA	2a	5.6		537	35¾	35⅛	35½	−¼
18⅜	9¾	AVX		3.0		216	10¾	10½	10½	−¼
32	26	AZP	2.72	9.6	8	1366	28½	28⅛	28⅜	
55	31⅝	AbtLb s	.84	1.8	21	3545	47⅜	46½	46¾	−½
32	25	AccoWd	.56	2.2	16	308	25¾	25⅝	25⅝	−⅛
14⅞	8	AcmeC	.40	3.8		152	10⅞	10⅝	10⅝	−⅜
8¼	6⅛	AcmeE	.32b	5.0	16	72	6⅜	6⅛	6⅜	+⅛
23⅞	17½	AdaEx	4.45e	23.		285	19½	19⅛	19¼	+⅛
18⅝	9¾	AdmM s				162	14⅛	14	14	
20⅜	12⅞	AdvSys	t.45t	8.1	15	147	18	17⅝	18	+⅜
32⅞	12⅞	AMD				1915	13¾	13⅜	13½	−¼
12⅝	5¼	Adobe				183	6⅝	6¼	6½	+¼
18⅝	13¾	Adob pf	1.84	11.		38	16¼	16	16⅛	+⅛
20¼	16⅜	Adob pf	2.40	13.		130	18	17⅞	18	+¼
18⅜	11⅛	Advest	.12a	1.0	9	357	12¼	11⅞	11⅞	−¼
66¼	52⅛	AetnLf	2.64	4.7	8	1672	56¾	56½	56½	−⅜
54⅝	51⅛	AetL pf	3.94e	7.6		185	52	51¾	52	+¼

Continued on Page 25

حكمت العلي

NYSE COMPOSITE CLOSING PRICES

Continued from Page 24

Continued on Page 23

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER

Nasdaq national market, closing prices

Continued on Page 23

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Weak bonds prove to be a depressant

FURTHER WEAKNESS in bond markets brought small losses for stock prices on Wall Street yesterday in lacklustre trading, *writes Roderick Oram in New York.*

A firmer dollar helped confine the fall in bond prices to about ¼ of a point after November's figure for the leading economic indicators turned out stronger than expected.

The Dow Jones industrial average closed down 3.52 points at 1,908.61. The New York Stock Exchange composite index eased 0.77 of a point to 139.12 on volume of 127.2m shares. Declining issues outpaced rising by a two-to-one margin.

Among blue chips, Allied Signal fell $⅛ to $40, American Can shed ⅜ to $84¼, Du Pont lost $1 to $85⅝, General Motors declined $⅝ to $66⅝, Merck rose $1⅛ to $126⅝ and Westinghouse Electric advanced $⅝ to $58.

ITT rose $1 to $54. It completed arrangements with CGE of France to create a joint venture which will be the second largest telecommunications equipment manufacturer in the world.

AT&T, one of the most active issues, slipped $⅛ to $25 on news that a regulatory agency had ordered a cut in its long distance telephone rates.

McDonnell Douglas fell $1⅛ to $71⅞. It gave the official go ahead for the MD-11 wide-bodied airliner. Although it has already $5bn of orders it will still face high development costs.

US Home, a major housing builder, advanced $⅛ to $5⅛ on heavy volume. Pacific Realty has joined forces with Trafalgar Holdings which could lead to another takeover bid for US Home which thwarted an earlier offer from Pacific Realty.

Niagara Mohawk Power, a large electricity and gas utility in New York State, dropped $2⅝ to $15⅞ after reporting a leaking valve at one of its nuclear power stations.

AccuRay jumped $5⅝ to $44⅝. Combustion Engineering, down $1⅛ to $30⅞, had raised its offer for the process control equipment maker to $45 a share from $35.

Danners declined $1 to $8 in the over-the-counter market. Last week it announced the liquidation of 17 of its 35 3D discount stores.

Credit markets took in their stride the much higher than expected leading economic indicators figure for November and a seasonal surge in the Fed funds rate.

The price of benchmark 7.50 per cent Treasury long bond fell 20/32 of a point to 100 19/32 at which it yielded 7.45 per cent.

Three-month Treasury bills gained basis four points to 5.70 per cent, six-month bills edged up two basis points to 5.88 and year bills rose five basis points to 5.71 per cent.

The markets had been expecting a rise of around 0.8 per cent in the leading indicators for last month but the 1.2 per cent gain reported depended heavily on rising prices of shares and certain materials. Discounting those factors, the index was consistent with the 2 per cent to 3 per cent annual growth rate which many people in the markets have accepted as the likely outlook.

The markets remain apprehensive, however, that the November trade figures due out today will show a reverse in the recent trend of falling deficits.

Seasonal demands from banks meeting their year-end cash requirements pushed up the Fed funds rate to a high for the day of 17 per cent. With the help of additional liquidity by the Federal Reserve through overnight system repurchases the rate closed at 15 per cent.

EUROPE

Pockets of activity stir holiday mood

OCCASIONAL pockets of end-of-year activity livened up an otherwise dull day on the European bourses yesterday but turnover remained generally thin and share movements limited.

Paris alone among major bourses demonstrated a marked trend as share prices fell under pressure from the continuing public sector industrial strife, the franc's weakness against the D-Mark and Wall Street's overnight decline. The CAC General index lost 7.4 to 398.4 and the Indicateur de Tendance 3.6 to 156.6 in moderately active late trade.

In the car sector, Peugeot lost FFr 36 to FFr 1,165, and Michelin fell FFr 67 to FFr 2,545.

Construction stocks also felt the pinch with Bouygues off FFr 60 at FFr 1,210 and Lafarge Coppée down FFr 44 to FFr 1,341. But housebuilder Maisons Phénix went against the trend after its losses on Monday, adding FFr 10 to FFr 178.

Other blue-chip losers included Club Mediterranée, down FFr 45 to FFr 675, Pernod Ricard, off FFr 34 to FFr 1,036, and Perrier, which eased FFr 12 to FFr 810.

Mr Xavier Dupont, head of France's Stockbrokers' Association, told Reuters newsagency that foreign investors had become indispensable to the Paris bourse during 1986 and that their presence, linked with the privatisation programme, should lead to greater volume next year.

Frankfurt finished the last day of 1986 trading on a mixed to easier note as the market all but ignored the dollar's weakness in modest activity. The Commerzbank index eased 2.6 to 2,046.4. Banks followed the trend, as did chemicals, with Bayer off DM 3 at DM 316.60 but BASF unchanged at DM 276.10.

Foreigners were net sellers of shares on the Stockholm bourse in November, continuing the trend into a seventh consecutive month. The Riksbank, Sweden's central bank, said foreign investors sold SKr 1.456bn ($214bn) worth of Swedish equities back into Sweden while buying SKr 1.100bn worth of shares.

Bonds were little changed in a quiet session. The Bundesbank sold DM 21.1m worth of paper after selling DM 16.7m on Monday.

The **Düsseldorf** bourse, the second largest in West Germany, saw turnover in shares and bonds rise to a record of about DM 161bn ($83bn) in 1986 from DM 126bn the previous year.

Amsterdam also failed to feel the effect of the dollar's troubles in lacklustre trading that took share prices to a slightly lower close. The ANP-CBS General index, on its last day as the official bourse indicator, eased 1.1 to 278.4. It will be replaced by the CBS Tendency index when trading resumes on January 2.

Zurich ended slightly firmer in moderate trading on some foreign demand and a small attempt at a rally by domestic investors.

Swiss Reinsurance continued its rise, adding SFr 400 to SFr 18,900, while Swissair recovered from Monday's losses with a SFr 5 gain to SFr 1,145.

Brussels was also firm although trading was less active than on Monday. Selective interest in blue chips took Petrofina BFr 10 nearer the psychological BFr 10,000 level at BFr 9,980.

Milan ended another thin day narrowly mixed, with selective gains and some profit-taking.

Stockholm ended the year slightly firmer, with particular interest in Volvo, which gained SKr 6 to SKr 344. **Oslo** also rose in fairly heavy trade as investors realigned their portfolios on the last trading day of the year.

Madrid gained in a quiet session.

SOUTH AFRICA

A FURTHER EASING in the financial rand helped gold prices end mostly firmer as trading continued thin ahead of the year-end. The slightly lower bullion price had little impact.

Industrials were also firmer.

CANADA

SLIGHT GAINS among major share groups were seen in thin Toronto trading. Leading actives were mixed, with National Business Systems gaining C$1¼ to trade at C$16⅜, recovering a C$1⅛ decline on Wednesday.

Montreal was lower.

TOKYO

A variety of recipes on offer in 1987

JAPANESE securities houses remain the most bullish about the prospects for the Tokyo stock market in 1987, *writes Shigeo Nishiwaki of Jiji Press.*

Institutional and foreign investors, on the other hand, are turning cautious in advance of next month's sale of Nippon Telephone and Telegraph shares and the impact of proposed tax reforms.

The Nikkei market average is forecast to surge past the 25,000 barrier by this time next year, according to Mr Motowo Nagata, senior managing director of Yamaichi Securities.

He envisages that crude oil prices and inflation in general will hold relatively steady and that the central bank will cut its discount rate to 2.5 per cent in the first half, leaving corporate and individual investors more flush with cash.

Tokyo is closed this week for the new year holiday.

Mr Nagata expects to see a dwindling of share purchases by "tokkin" special trust accounts and discretionary "fund trust" accounts, which together worked as the locomotive for last year's surge in share prices. But buying by investment trusts and individuals will continue at a high level, he predicts.

As a result, excess demand for shares will remain high at the Y5,000bn ($30.8bn) level, though down slightly from last year's Y5,480bn, providing a sharp boost to share prices this year, he says.

But, he adds, prices will tumble late in February after NTT shares are listed on the Tokyo Stock Exchange and will fluctuate considerably throughout the year.

A senior official at Daiwa Securities, also taking a bullish view, expects market enthusiasm to rise on lower interest rates and the growth of institutional investors' money under management, due to the persistent weakness of business demand for funds.

Share prices, he forecasts, will show greater volatility, with the Nikkei average topping 20,000 by February, falling back to around 16,500 during the April-June period and rebounding to 21,000 towards the end of the year.

By contrast, institutional investors are very cautious in their outlook. Mr Yasuharu Yabuta, general manager of the investment advisory division of Mitsubishi Trust and Banking, says the market's direction will remain uncertain until early spring.

The economy may continue to be sluggish because of the impact of the proposed tax reforms and the slowness of the shift towards a domestic demand-oriented industrial structure, he says. In these circumstances he sees the Nikkei average above 20,000 early in the year followed by a sharp plunge to around 15,000.

On the other hand, he argues, if the economy rebounds from the strong yen-induced slump thanks to stable crude oil prices and a further lowering of US interest rates, the average could easily surpass 25,000.

Until March or April when the outlook for US-Japanese trade problems should become clearer, Mr Yabuta's investment strategy will be to keep a blue chip portfolio intact.

Mr Michael Falkner, research manager of Kleinwort Benson International's Japanese equity department, does not expect much from the stock markets this year.

With a discount rate cut early in the year, the Nikkei average should top the 20,000 level, but without the rate cut the market will undergo a major correction in late February, he predicts. As blue chips appear likely to return to favour, it will be important to pick the timing of blue chip buying carefully, he says.

Mr Minoru Itoh, managing director and Tokyo branch manager of Smith Barney Harris Upham, hopes for a return to classic investment theory emphasising the growth potential of businesses.

In his view, the market will continue its recent phase of shoring up prices of issues featuring land assets in the first half of the year but will return to normal in the second half.

SINGAPORE

STOP-LOSS SELLING and the absence of fresh factors kept trading soft in Singapore where the Straits Times industrial index showed a 6.99 fall to 891.21.

Dealers said trading was very thin. Monday's announcement by OUB of fraud in its main Hong Kong branch had little impact. OUB closed 8 cents lower at S$3.36, after an earlier 14 cent fall.

Other banks were mixed.

HONG KONG

THE RECORD-BREAKING run continued in Hong Kong with the Hang Seng index rising 6.91 to 2,559.36, the third consecutive high.

Profit-taking gave the market an easier start after Monday's sharp rise. But it recovered later in the session as investors sought bargains or unwound hedge positions following the settlement of the index futures contracts for December. The Hang Seng index has now gained some 100 points over the last two weeks.

Buying again boosted the Cheung Kong group although small investor enthusiasm was dampened by Financial Secretary Piers Jacobs' comments that it was too soon to build another local airport, as proposed by the group.

Cheung Kong gained HK$1.00 to HK$40.25, Hutchison Whampoa 25 cents to HK$46.50 and HK Electric 20 cents to HK$12.80, all new highs for the year.

Elsewhere, Jardine Matheson gained 40 cents to HK$22.40 but HK Land lost 10 cents to HK$6.75.

LONDON

TRADING ACTIVITY on the securities markets in London died away in the afternoon as the capital prepared for the new year holiday beginning today in several European financial centres.

The mood remained optimistic with both sectors still pinning their faith on a rise in oil prices in the new year, which would take sterling higher and thus reduce upward pressures on UK interest rates. Government bonds ended with small mixed changes.

Equities steadied after a dull start with the FT-SE 100 index and the FT Ordinary index both gaining 1.5 to close at 1,673.1 and 1,308.6, respectively.

Chief price changes, Page 23; Details, Page 22, Share information service, Pages 20–21.

AUSTRALIA

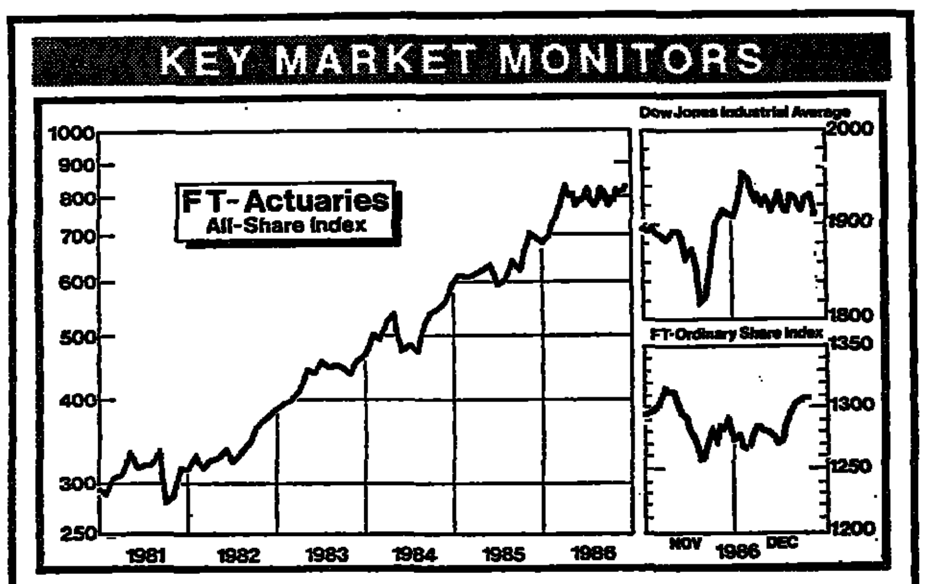
SUPPORT for media issues in particular and selected industrials in general took Sydney to a record for the second day running and the All Ordinaries index ended 3.1 higher at 1,470.2.

However, brokers said trading was quiet, with takeover play for the Herald and Weekly Times (HWT) providing the only focus.

Mr Rupert Murdoch's News Corp gained 50 cents to A$17.80.

HWT slipped 5 cents to A$12.70.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Dec 30	Previous	Year ago
DJ Industrials	1,908.61	1,912.12	1,550.46
[illegible]	810.20	813.23	709.52
[illegible]	205.78	208.03	172.29
[illegible]	243.55	244.67	210.68
[illegible]	1,308.6	1,307.0	1,131.4
[illegible]	1,673.1	1,671.6	1,413.6
[illegible]	832.80	831.99	673.30
[illegible]	913.18	913.00	738.16
[illegible]...ines	298.2	299.0	249.8
[illegible]...g gilt	10.27	10.29	10.43
[illegible]...ei	(c)	(c)	(c)
[illegible]...kyo SE	(c)	(c)	(c)
AUSTRALIA			
All Ord.	1,470.5	1,467.5	1,001.6
Metals & Mins.	714.5	717.2	486.2
AUSTRIA			
Credit Aktien	231.99	231.25	245.32
BELGIUM			
Belgian SE	4,095.61	4,081.51	2,943.48
CANADA			
Toronto			
Metals & Mins	1,957.7	1,957.5	2,071.0
Composite	3,049.0	3,045.1	2,893.0
Montreal			
Portfolio	1,533.46	1,553.74	1,141.84
DENMARK			
SE	–	–	(u)
FRANCE			
CAC Gen	398.40	405.80	264.3
Ind. Tendance	156.60	160.20	(u)
WEST GERMANY			
FAZ-Aktien	676.37	678.07	(u)
Commerzbank	2,046.40	2,049.00	1,951.5
HONG KONG			
Hang Seng	2,559.36	2,552.45	1,752.62
ITALY			
Banca Comm.	716.66	716.37	460.04
NETHERLANDS			
ANP-CBS Gen	278.40	279.50	255.6
ANP-CBS Ind	273.20	275.10	242.5
NORWAY			
Oslo SE	357.76	354.84	393.12
SINGAPORE			
Straits Times	891.21	898.20	620.04
SOUTH AFRICA	Dec 30	Prev	Year Ago
JSE Golds	—	1,307.0	1,149.6
JSE Industrials	—	1,416.0	1,057.0
SPAIN			
Madrid SE	208.31	207.80	135.31
SWEDEN			
J&P	2,459.19	2,443.85	1,737.66
SWITZERLAND			
Swiss Bank Ind	588.90	588.30	587.90
WORLD	Dec 29	Previous	Year ago
MS Capital Int'l	358.6	357.9	256.2

COMMODITIES

(London)	Dec 30	Prev
Silver (spot fixing)	359.45p	363.20p
Copper (cash)	£908.00	£907.50
Coffee (March)	£1,664.00	£1,687.50
Oil (Brent blend)	$17.70	$17.70

GOLD (per ounce)

	Dec 30	Prev
London	$389.75	$389.50
Zürich	$389.25	$390.35
Paris (fixing)	$393.66	$396.15
Luxembourg	$389.35	$391.75
New York (Feb)	$392.40	$391.95

CURRENCIES

	US DOLLAR		STERLING	
(London)	Dec 30	Previous	Dec 30	Previous
$	–	–	1.4690	1.4685
DM	1.9460	1.9425	2.8575	2.8525
Yen	159.85	159.00	234.75	233.50
FFr	6.4425	6.4275	9.465	9.4375
SFr	1.6255	1.6230	2.3875	2.3825
Guilder	2.0010	2.1965	3.2325	3.225
Lira	1,356	1,353	1,992	1,9877
BFr	40.55	40.50	59.55	59.45
C$	1.3835	1.3815	2.0210	2.0270

INTEREST RATES

Euro-currencies (3-month offered rate)	Dec 30	Prev
£	11 9/16	11 9/16
SFr	4	3⅞
DM	4 15/16	5⅛
FFr	10½	10¼
FT London Interbank fixing (offered rate)		
3-month US$	6 9/16	6 11/16
6-month US$	6¼	6⅝
US Fed Funds	n/a*	5⅞
US 3-month CDs	6.45*	6.675
US 3-month T-bills	5.685*	5.85

US BONDS

Treasury

		December 30* Price	Yield	Prev Price	Yield
6⅝	1988	99 23/32	6.40	99 27/32	6.36
7⅛	1993	100 3/32	7.10	101 11/32	7.01
7⅜	1996	100 9/32	7.22	101 21/32	7.145
7¼	2016	100 19/32	7.456	101 7/32	7.39

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return Index	Dec 30 Day's change	Yield	Day's change
1–30	160.26	–0.15	7.03	+0.02
1–10	152.42	–0.08	6.75	+0.02
1– 3	142.26	–0.02	6.46	+0.02
3– 5	155.26	–0.03	6.82	+0.01
15–30	188.30	–0.39	7.93	+0.02

Source: Merrill Lynch

Corporate	December 30* Price	Yield	Prev Price	Yield
AT & T 3⅞ July 1990	91.927	6.5	91.927	6.50
SCBT South Central 10⅜ Jan 1993	106	9.568	106.125	9.516
Phibro-Sal 8 April 1996	99	8.153	99.125	8.114
TRW 8⅞ March 1996	103	8.273	103.125	8.235
Arco 9⅞ March 2016	111	8.82	111	8.818
General Motors 8⅜ April 2016	93	8.78	93	8.78
Citicorp 9⅜ March 2016	101	9.27	101	9.273

Source: Salomon Brothers

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT) 8% 32nds of 100%				
March	98-20	98-26	98-12	99-01
US Treasury Bills (IMM) $1m points of 100%				
March	94.62	94.64	94.57	94.63
Certificates of Deposit (IMM) $1m points of 100%				
Dec	–	–	–	94.02
LONDON				
Three-month Eurodollar $1m points of 100%				
March	93.88	93.91	93.85	93.92
20-year National Gilt £50,000 32nds of 100%				
Dec	112-09	112-20	111-28	112-13

* *Latest available figures*